CANADA

DEBATES OF THE SENATE

OFFICIAL REPORT
(HANSARD)

THE HONOURABLE GUY CHARBONNEAU
SPEAKER

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Speaker

THE HONOURABLE GUY CHARBONNEAU

Leader of the Government

THE HONOURABLE LOWELL MURRAY, P.C.

Leader of the Opposition

THE HONOURABLE ROYCE FRITH

Officers of the Senate

Clerk of the Senate and Clerk of the Parliaments

GORDON L. BARNHART, M.A., P.MGR.

Clerk Assistant of the Senate

RICHARD G. GREENE

Law Clerk and Parliamentary Counsel

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

Gentleman Usher of the Black Rod

COL. JEAN DORÉ, CD

THE SENATE

Tuesday, September 22, 1992

The Senate met at 2 p.m., Senator Gérald J. Comeau, Acting Speaker, in the Chair.

Prayers.

SENATORS' STATEMENTS

THE CONSTITUTION

REFERENDUM QUESTION—CONCURRENCE IN MESSAGE FROM COMMONS—QUESTION OF PRIVILEGE

Hon. P. Michael Pitfield: Honourable senators, I rise on a point of personal privilege.

As I stated in my speech last Tuesday, I agree with the text of the referendum question. Unfortunately, when the vote on the issue was taken, I was absent from the Senate because I had been informed that there would not be a recorded vote. Consequently, the impression may be abroad that I abstained or changed my mind. That is not the case.

I should like to make it clear that, had I been able to vote, I would have voted in support of the text of the referendum question.

MIDDLE EAST

PEACEMAKING EFFORTS OF PRIME MINISTER OF ISRAEL

Hon. Heath Macquarrie: Honourable senators, it is not always easy to find reasons for optimism about the international scene. It is rarer still to find cause for such positive sentiments in the Middle East.

I therefore cannot refrain from expressing my immense satisfaction and appreciation for the noble and wise leadership of the new Prime Minister of Israel, General Yitzhak Rabin. Thanks to his dedication to peace, there now exists hope where gloomy foreboding once dwelt. Conversations between Israelis and Palestinians are becoming real exchanges of view. The tough, brittle issue of the Golan Heights is now being considered. The United States-Israel rift has been healed. It is not even preposterous to suggest that a summit meeting between President Assad and Prime Minister Rabin could take place.

In this chamber, Senator Murray and I are the only remaining members of the Standing Senate Committee on Foreign Affairs who met Mr. Rabin over dinner in Jerusalem at the time of our visit to the Middle East. He did not impress me then as a likely reformer. But he has moved with audacious alacrity on many age-old problems. Upon more careful reflection I am now convinced that he is in fact the very person to take the risks of real peacemaking.

A great military hero, he could never be accused of softness. Having passed the three score and 10, like some of the rest of us, and achieved many great honours and positions in the military, and in politics and diplomacy, he seems to have but one goal left; but what a difficult one—the building of peace.

It is my hope and prayer that this wise and brave man will attain his goal. All people of good will everywhere should do all in their power to support him in his lofty purpose.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, in the absence of my colleague, the Leader of the Opposition, I must remind honourable senators that the clock is still ticking. My honourable friends will be pleased to know that, if the government of which Senator Murray is a member still respects democracy, there are 59 days before the election should be called. Similarly, if it is a government cowardly and contemptuous of democracy, there are 455 days left before the day of reckoning.

ROUTINE PROCEEDINGS

DEPARTMENT OF FORESTRY ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Efstathios William Barootes, Chairman of the Standing Senate Committee on Agriculture and Forestry, presented the following report:

Tuesday, September 22, 1992

The Standing Senate Committee on Agriculture and Forestry has the honour to present its

FIFTH REPORT

Your Committee, to which was referred Bill C-306, An Act to amend the Department of Forestry Act and to make related amendments to other Acts, has, in obedience to its Order of Reference of Wednesday, September 16, 1992, examined the said bill and now reports the same without amendment.

Respectfully submitted,

E.W. (STAFF) BAROOTES
Chairman

THIRD READING

The Hon. the Acting Speaker: When shall this bill be read the third time?

Senator Barootes: Honourable senators, in view of the simplicity of this bill —

Senator Frith: Look out.

Senator Barootes: — with leave of the Senate, I move that this bill be read the third time now.

Senator Molgat: Is this the bill to change the name?

Senator Barootes: That is all.

The Hon. the Acting Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

CONTRAVENTIONS BILL

REPORT OF COMMITTEE

Hon. Nathan Nurgitz, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

TUESDAY, September 22, 1992

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

TWENTY-FOURTH REPORT

Your Committee, to which was referred Bill C-46, An Act respecting contraventions of federal enactments, has, in obedience to the Order of Reference of Wednesday, September 16, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NATHAN NURGITZ
Chairman

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

On motion of Senator Nurgitz, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

AN ACT TO AMEND CERTAIN ACTS IN RELATION TO PENSIONS

AND TO ENACT THE SPECIAL RETIREMENT ARRANGEMENTS ACT

AND THE PENSION BENEFITS DIVISION ACT

REPORT OF COMMITTEE

Hon. C. William Doody, Chairman of the Standing Senate Committee on National Finance, presented the following report:

TUESDAY, September 22, 1992

The Standing Senate Committee on National Finance has the honour to present its

THIRTEENTH REPORT

Your Committee, to which was referred Bill C-55, "An Act to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act", has, in obedience to the Order of Reference of Tuesday, June 23, 1992, examined the said Bill and now reports the same without amendment, but with the following observations.

1. The Committee recognizes that Bill C-55 has been introduced primarily to ensure that the pension plans covered under the various Acts—the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act*, the *Royal Canadian Mounted Police Superannuation Act* and the *Members of Parliament Retiring Allowances Act*, along with other related Acts—comply with requirements imposed on all pension plans in Canada by changes to the *Income Tax Act* that were given effect by regulations promulgated in January 1992. As well, the Bill proposes certain important changes affecting issues of fairness to which the government has been committed for some time and which can be implemented without imposing additional costs on the various pension plans. The Committee also notes the statement of the President of the Treasury Board, when he appeared before the Committee on September 10, 1992, that "there are outstanding issues to be resolved that are not addressed in this Bill" relating to the management of the pension plans, the future rate of return to be credited to the pension funds, future protection against inflation and other aspects of plan design, including future survivor benefits and questions about the conformity of the plans to the *Pension Benefits Standards Act*[1]. It notes the Minister's undertaking that:

> Bill C-55 is only a first step in the public service pension reform process. I am committed to reviewing all the fundamental elements of the plans . . . in consultation with the stakeholders involved.[2]

Accordingly, while the Committee is not amending the Bill, it anticipates that the government will bring forward additional bills in the near future to address these outstanding issues.

2. In this regard, your Committee notes with dismay that the Advisory Committee on the Public Service Superannuation Act last met in 1987, that it was not consulted during the preparation of Bill C-55, and that the terms of all its members had in fact expired before this Bill was referred to your Committee. Under Order in Council 1546, dated July 17, 1992, a Chairman and ten other members of the Advisory Committee were appointed or re-appointed. Your Committee notes that no representatives of spousal and other interest groups have been appointed, other than a representative of the Federal Superannuates National Association. It trusts that the

views of these groups will receive prompt and serious attention by the Advisory Committee. Your Committee further urges the government to ensure that the Advisory Committee be called to meet as soon as possible, and on a regular basis thereafter, with a view to resolving the outstanding issues that the Minister acknowledged are not addressed in this Bill and that were raised during your Committee's review. It further urges that the government appoint without delay, following the enactment of this Bill, the two proposed new Advisory Committees on the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*

3. Your Committee understands that officials of the Department of Finance and the Treasury Board are currently studying alternative methods of funding and financing public service pension plans with a view to developing options by the summer of 1993. The Committee urges the government to ensure that the Advisory Committees address expeditiously the various socio-economic issues raised during its review of the Bill, and that are outlined in the subsequent paragraphs, without waiting until the review of funding and financing arrangements has been completed. Officials of the Treasury Board should be prepared to return before the Committee in the near future to state the government's intentions in this regard.

4. In particular, your Committee is of the opinion that the existing measures regarding survivor benefits can and should be altered to provide for the possibility, where appropriate application is made, of survivor benefits being paid on a *pro rata* basis both to the legal or common-law spouse and to any previous spouse or spouses, including separated and divorced spouses without regard to their current marital status. It believes that the practice of deeming a separated spouse to have pre-deceased his or her contributor spouse, if he or she has established a new marital-type relationship, is anachronistic and iniquitous and should be terminated forthwith. Where no such relationship has been established, survivor benefits may currently be apportioned between a legal spouse and a common-law spouse. It is therefore apparent that an apportionment of benefits to all current and former legal or common-law spouses who apply could be implemented without any significant increase in pension costs.

5. Your Committee notes that Clause 46(3) on page 44 of Bill C-55 makes no provision for the participation of members of the reserve forces in the Canadian Forces superannuation plan. Under the total force concept, members of the reserves may be kept on call-up status for several years and may be posted overseas for extended periods of time on peacekeeping and other duties. Many of these individuals may not be members of other employer-sponsored pension plans. The Committee therefore urges the government to investigate the feasibility and cost of permitting members of the reserves to participate in the Canadian Forces superannuation plan during their periods of service.

6. The Committee requests that the Treasury Board provide it with a copy of the regulations to be prepared in conjunction with Bill C-55 as soon as they are available.

Respectfully submitted,

C. WILLIAM DOODY
Acting Chairman

Footnotes

1. See *Proceedings of the Standing Senate Committee on National Finance:* Thursday, September 10, 1992, p. 32:9.

2. *Ibid.*, p. 32:10

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

On motion of Senator Doody, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

AGRICULTURE

PRAIRIE CRISIS—NOTICE OF MOTION

Hon. H.A. Olson: Honourable senators, I give notice that on Thursday next, September 24, 1992, I will call the attention of the Senate to the emerging prairie agriculture crisis.

THE CONSTITUTION

MISHANDLING OF ISSUE—NOTICE OF INQUIRY

Hon. H.A. Olson: Honourable senators, I give notice that on Thursday next, September 24, 1992, I will call the attention of the Senate to the mishandling of the Constitution issue by the Government of Canada.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 225 residents of Nova Scotia who object to the goods and services tax.

Hon. Lowell Murray (Leader of the Government): Dated when?

Senator Hébert: Honourable senators, I get these every day. I don't know the date. These petitions are mostly from Halifax, Bedford, Sackville and Fall River.

I get these petitions every week, so I don't know the date on any one in particular.

Honourable senators, I have the honour to present petitions signed by 499 residents of British Columbia who object to the goods and services tax. These petitions are mostly from Kelowna, West Bank, Vernon, Penticton, Terrace, Prince Rupert, Kitsemac and Smithers.

Honourable senators, I also have the honour to present petitions signed by 502 residents of Saskatchewan who object to the goods and services tax. Most of these petitions are from Saskatoon, Prince Albert, Vibank, Moose Jaw and Regina.

Honourable senators, I also have the honour to present petitions signed by 531 residents of Alberta who object to the goods and services tax. Most of these petitions are from Edmonton, Calgary, Fairview, Drayton Valley, St. Albert and Airdree.

Honourable senators, I also have the honour to present petitions by 458 residents of Quebec who object to the goods and services tax. Most of these petitions are from Longueuil, Lévis, Saint-Lambert, Granby, Île-Perrot, Charlesbourg, Montreal, Sainte-Hyacinthe, Sainte-Thérèse, Sainte-Sophie and Saint-Domininique.

Finally, honourable senators, I have the honour to present petitions signed by 100 residents of New Brunswick who object to the goods and services tax. Most of these petitions are from Burnsville, Bertrand, Trudel, Pokemouche, Packetville, Caraquet and Maltenpeck.

I can see many honourable senators opposite thought that Canadians, not being prone to protest, would quickly get used to the GST. They certainly must be surprised to see that two years after that historic debate, thousands of Canadians keep signing petitions objecting to the GST. Senator Simard obviously does not want to listen to the voice of the people. As I said before, to Senator Murray, not a week goes by without my receiving petitions, and those I just tabled were signed by 2,315 petitioners. That should impress a government that is obsessed by figures, including opinion poll results.

Hon. Jean-Marie Simard: Would Senator Hébert entertain a question?

Senator Hébert: Of course, Senator Simard.

Senator Simard: I am sure Senator Hébert has made a detailed study of these petitions, so I would like to know whether he can confirm that the protesting parties whose names appear on these petitions, have no suggestions for an alternative source of revenue, just like the Leader of the Liberal Party, mr. Chrétien.

Some Hon. Members: Order!

The Acting Speaker: Honourable senators, I must call the senator to order because we have not reached question period yet.

[*English*]

VETERANS AFFAIRS

PRESENTATION OF PETITIONS

Hon. Jack Marshall: Honourable senators, I have the honour to present petitions from the Royal Canadian Air Force Prisoners of War Association, Ottawa Branch, under the chairmanship of A.J. Little. It contains another 288 signatures in addition to those I have tabled in the last couple of sittings. These petitions are from British Columbia, Manitoba, Saskatchewan, Ontario, and Nova Scotia. The petitions read as follows:

> WHEREFORE the undersigned, your petitioners, humbly pray and call upon Parliament to support the activities of the Senate Sub-Committee on Veterans Affairs in examining the authenticity of the aforementioned series of films.

The petitions have to do with the series of films: *Savage Christmas: Hong Kong 1941*; *Death by Moonlight: Bomber Command*; and *In Desperate Battle: Normandy 1944*.

I note with interest that two of the signatures include the former Chief of the General Staff, Ramsey Withers, and former prominent military naval leader, Admiral Mainguy.

QUESTION PERIOD

AGRICULTURE

WESTERN GRAIN CROP—ASSESSMENT OF STORM DAMAGE—GOVERNMENT ACTION

Hon. H.A. Olson: Honourable senators, I wish to ask the Leader of the Government if any action has been initiated to assess the damage that was done to the grain crop in Western Canada from the snow storm in August, and whether or not the government has anyone in the field to assess how severe the damage was?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am sure that has been done by the minister in the Department of Agriculture, but I would have to ask for a report from my colleague on that matter.

Senator Olson: If the preliminary indication is that the damage is as severe as some people believe it is—that is, that the value of the entire crop has been reduced by 40 or 50 per cent by the loss of yield and the fact that the crops were frozen severely once in August and twice in early September—will the government put together the personnel and machinery needed to make an assessment of the situation? Is the government willing to give some help in this desperate situation?

Senator Murray: Honourable senators, I will convey that question to my colleague, the Minister of Agriculture. However, I should point out that farmers do have a number of safety-net programs that are available to soften blows such as nature dealt the farmers in recent times. There is basic protection against the financial impacts of crop loss through federal-provincial crop insurance programs; and, as a result of federal efforts to bring about new and more comprehensive protection, farmers can supplement crop insurance with revenue protection through GRIP, the Gross Revenue Insurance Plan. Finally, in the event of reduced net income, my honourable friend is aware that farmers can have resort to

NISA, the Net Income Stabilization Account, to supplement their income levels.

Senator Olson: By way of supplementary, most farmers are aware of those programs; however, when the minister takes the trouble to recite the programs that are available, does that mean that the government has already taken the position that either a farmer can be a beneficiary of those programs or that is it? We know that if they did not apply for NISA and GRIP prior to May of 1992, they cannot apply for those programs now.

● (1420)

Senator Murray: Honourable senators, I am not sure that the honourable senator should dismiss these programs so lightly. The fact of the matter is that this year on the prairies, it is expected that crop insurance will provide close to $500 million in payments while GRIP payments may be in the $1.2 billion range. If crops continue to deteriorate, farmers can expect increases in the payments from these programs.

Senator Olson: Honourable senators, I did not in any way intend to diminish the value of those programs. The honourable minister has a bad habit of giving an answer that bears no relationship to the question. My question was: Is it the intention of the government to recycle all of these programs, which farmers had to apply for back in April or May, or was the minister's purpose to inform farmers that that is what will be available and nothing else?

Senator Murray: Honourable senators, I was making the very valid point that, because of the foresight and cooperation of the federal and provincial governments and the farmers themselves, farmers can have recourse to all of these programs in cushioning the effects of adverse weather conditions. That is the point I was making.

Senator Olson: That may be a good point, but the fact is that farmers must apply for such programs at the time of year they are offered, namely, in February, March or that part of the year. In other words, you have to make the application before you seed the crop. Surely that is sensible.

Senator Barootes: You cannot buy fire insurance after the fire; you must have it before.

Senator Olson: I understand that, but apparently your leader does not understand. That is the point I am trying to make. He comes along and announces all these great programs, knowing very well that unless the farmers had applied for the programs last spring, they would not receive anything from them. I want to know whether the Leader of the Government's purpose today was to advise farmers that the position of the government is that they either applied last spring or paddled their own canoes.

Senator Murray: Honourable senators, there must have been quite a few farmers applying. I told the senator a moment ago that crop insurance would provide about $500 million in payments this year and GRIP about $1.2 billion. There has been quite a good take-up on these programs. I referred to the foresight of farmers in this respect as well as to the cooperative attitude of various levels of government.

Senator Olson: I will leave it at that for now. The minister is obviously not prepared to even acknowledge that he heard the question, so I will try again later or tomorrow.

THE CONSTITUTION

INTERPRETATION AND SIGNIFICANCE OF REFERENDUM RESULTS—GOVERNMENT POSITION

Hon. John B. Stewart: Honourable senators, I want to read a sentence or two from a newspaper story. I am reading from today's *Globe and Mail* where Graham Fraser reports that Mr. Mulroney threw some confusion into the question of how the referendum results will be interpreted. The article reads in part:

> In the morning, he referred to the fact that French President François Mitterrand had accepted a 50.7 per cent vote in favour of the ratification of the Maastricht Treaty, then finally, at the end of day, clarified that majorities in each province would be required for that province's legislature to ratify the agreement.

My question to the minister is this: What understanding is there, if any, either written or oral, among the first ministers as to the significance of a majority in a province? For example, is the Premier of Nova Scotia under any obligation arising from an understanding to seek support for the Charlottetown consensus in the Legislative Assembly of Nova Scotia if the answer in Nova Scotia on October 26, 1992 is a very weak "yes"?

Hon. Lowell Murray (Leader of the Government): Honourable senators, a majority vote of the population, whether in a province or across the country, even if that majority be 50 per cent plus one, is not without significance. To answer the honourable senator's question directly in a word, the answer is no.

Senator Stewart: I want to preface my next question with a newspaper quotation from the *Chronicle-Herald* of September 12, and I am quoting Professor Duncan Fraser:

Senator Barootes: Where is the *Chronicle-Herald*?

Senator Stewart: Ask your colleague, Senator Buchanan.

Senator Barootes: London, England. I have it.

Senator Stewart: It might be wise for Senator Barootes to get Senator Buchanan to give him a tour of Nova Scotia.

Professor Fraser says that the referendum is not binding. He then states:

> It is well that the issue has to be resolved by the provincial assemblies. They would be ill-advised to go against a well-authenticated public opinion and this opinion will be validated only if it is certain that there is a clear public understanding of all the issues involved. This can only be ascertained by a legislative examination of the promised legal text in extensive public hearings.

Professor Fraser goes on, quite correctly, to point out that this wise course was not followed in Nova Scotia before the British North America Act was enacted and that the consequences of that failure were felt for many years thereafter.

Assuming a "yes" vote on October 26, is there any understanding, written or oral, among the First Ministers as to when and by what process the provincial assemblies will deal definitively with any constitutional changes based on the Charlottetwon consensus?

Senator Murray: Honourable senators, the short answer is that I am not aware of any such agreement.

The honourable senator spoke about either "written or oral" understandings. I do not know what the honourable senator would define as an "oral understanding."

My impression is that there is a desire on the part of the various parties to the agreement, the federal government and the provinces being the parties to the amending formula, to proceed quite quickly with the process of legislative ratification so that we do not find ourselves in a similar situation to that which took place between 1987 and 1990 with the Meech Lake Accord.

Senator Stewart: Would proceeding quite quickly preclude the possibility of hearings being conducted, let us say, by the National Assembly in Quebec on the constitutional amendment texts, or by the Legislative Assembly of Nova Scotia on those constitutional texts?

Senator Murray: Absolutely not.

ENTITLEMENT OF ALL CANADIANS TO VOTE IN REFERENDUM—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question to the Leader of the Government in the Senate is with regard to the right of all Canadians to vote in the coming referendum. To put the matter clearly, I will read from a letter which outlines the problem. It is from Mr. Graham Haig and is addressed to Pierre F. Côté, Chief Electoral Officer, Province of Quebec. The letter states:

> Dear Mr. Côté:
>
> I have recently returned to Quebec after three years in Ontario. I have resided in Quebec since August 1, 1992. I have been informed by your office that I will not be eligible to vote in the Quebec referendum on the Constitution next month.

This gentlemen has also written a letter to the Prime Minister wherein he gives a little more detail of his situation. He states:

> I am a Canadian citizen. I live within sight of the Peace Tower, and when the cannon goes off at noon, my windows rattle. I value my vote quite highly. I have always exercised my vote, and I have taken time off of work in the past to contribute as a poll clerk and as a deputy returning officer.
>
> I returned to Quebec after three years in Ontario on August 1, 1992. I have been informed by the office of the Chief Electoral Officer in Quebec that I am not eligible to vote in the Quebec referendum because I have lived in Quebec for less than six months and I lived outside of Quebec for more than two years. I am not eligible to vote in the federal referendum because it is not being held in Quebec because Quebec is holding its own referendum.

This being a Canadian referendum, surely every Canadian, regardless of where he or she lives, should be entitled to vote. Could the minister give us an indication of what corrections might be made to ensure that this does in fact take effect?

Hon. Lowell Murray (Leader of the Government): No, honourable senators, I cannot do that off the cuff. I can only confirm that, indeed, the referendum in Quebec will be held according to the Quebec referendum laws; there is a six-month residency requirement for people living in Quebec to be eligible to vote in the referendum in that province; however, the legislation does indeed provide that a former resident of Quebec who has left Quebec for less than two years and who intends to return to Quebec is eligible to vote.

Senator Molgat: Would it not be reasonable, this being a Canadian referendum, that every Canadian be entitled to vote?

Senator Murray: Honourable senators, the arrangement was made not only with Quebec; it was offered to those other provinces which had legislation requiring referendums on any constitutional agreement. We, the federal government, offered to those provinces either to conduct their referendums under the aegis of the Chief Elections Officer of Canada or to do so according to their own legislation. In the case of Quebec, it will do so in conformity with its own legislation. I believe that Alberta and British Columbia will do so under the aegis of the Chief Elections Officer of Canada.

Senator Molgat: Would the government be prepared to make representations to the Government of Quebec to attempt to see to it that any Canadian wishing to vote be entitled to vote?

Senator Murray: Honourable senators, we recognize that there are some anomalies caused by the operation of the two levels at the same time. Elections Canada, which as honourable senators are aware operates independently of the government, is examining the administrative details in order to resolve as many of these anomalies as possible.

Senator Molgat: The minister has not replied to my question. Is the Government of Canada prepared to make recommendations to the Province of Quebec to try to see to it that every Canadian who wishes to vote is entitled to vote?

Senator Murray: Honourable senators, I do not think I can add much to what I have already said. An effort will be made, I am told by the Chief Elections Officer, to try to iron out the anomalies that exist. That is something that will have to be done at his level with his counterpart in Quebec.

Senator Molgat: But not at the government level then, I take it?

THE ECONOMY

INTEREST RATES—GOVERNMENT POLICY

Hon. H.A. Olson: Honourable senators, in view of the fact that the Canadian dollar has dropped approximately two cents in the last few days, for a variety of reasons, will the government give an undertaking to let the economic factors work, let the dollar find its own level, and not impose ridiculously high interest rates on the Canadian people in order to defend the dollar, as it did the last time?

● (1440)

Hon. Lowell Murray (Leader of the Government): The honourable senator knows that the Bank of Canada intervenes in the marketplace only to ensure that the currency markets function smoothly.

I should say, by the way, that the latest information I had as I came in here today was that the dollar had rebounded quite considerably on international markets. I do not know whether the honourable senator had that up-to-date information when he arrived.

Senator Olson: No. It has been quite a few years since I got that sort of up-to-date information. For that information I am grateful to the honourable minister. It is good news if that has indeed transpired.

Of course, there are some people in this country who believe that the government is directly responsible for what the Governor of the Bank of Canada does. I therefore hope the minister would make representation to his colleague the Minister of Finance, telling him to stay out of the situation. As well, I would ask the minister to inform the Governor of the Bank of Canada that we would like to see a dollar that is based on real economic factors, and not see again these artificial interest rates that landed some people in such dire circumstances the last time around.

Senator Murray: Honourable senators, the Bank of Canada rate, which did increase slightly last Thursday, had undergone reductions in 19 consecutive weeks. I want the honourable senator to understand that.

So far as the distant past is concerned, surely my honourable friend will recall that my criticism was never of the Governor of the Bank of Canada. My criticism was of my honourable friend's government for having created the economic and fiscal position that rendered those drastic monetary steps necessary.

Senator Olson: My criticism was not so much of the Bank of Canada, either. My criticism is that this government has waffled in carrying out its responsibility to act at this time. They do not like what is happening, but they say it is the fault of the Governor of the Bank of Canada. However, we both know that over 30 years ago—in 1961, in fact—it was settled in no uncertain terms that the government cannot escape the consequences of the policies of the Bank of Canada. If they do not endorse such policies, they know what they can do about it.

I am asking the minister now to carry to his colleague the Minister of Finance the message that Canadians do not want to go through the same severe kind of treatment as they did last time, putting hundreds of thousands of people in this country into bankruptcy, all because this government did not take seriously its responsibility and keep interest rates at a level that was within reason.

Senator Murray: Honourable senators, the record on interest rates in this country speaks for itself. I have already pointed out to the honourable senator that there have been 19 consecutive decreases in the bank rates in recent weeks. I would have hoped that the honourable senator might have applauded, if not the government then at least the results in terms of inflation and interest rates.

As for the relationship between the Bank of Canada and the present government, the honourable senator will be aware that we have jointly set targets for inflation. Because of the support of the fiscal and economic policies of this government, we have more than achieved the inflation targets that we set. Canada currently has the lowest inflation rate in the western world.

Senator Olson: The honourable minister might keep in mind those people who were driven into bankruptcy because, three years ago, prime interest rates rose as high as 14.75 per cent. In fact, there are people who are still trying to dig themselves out of the debt morass they got into because of the actions of this government and its agent, the Bank of Canada.

I would remind this government that Canadians are not a bunch of fools. They can remember what happened three years ago, and they do not want it to happen again. We need a commitment from the government that you will not do that sort of thing again.

Senator Murray: Honourable senators, so long as the present government perseveres in the economic and fiscal policy which we initiated on coming to office in 1984, and so long as we decline to follow the example set by honourable my friend's opposition when they were in government, we will never come even close to having a chartered bank prime in this country of 22.75 per cent as we did in 1981.

Senator Olson: You are kidding yourself if you think the Canadian people will believe you if you blame everything on what might have happened ten years ago. They know that three years ago this government condoned a prime interest rate of 14.75 per cent at a time when no one else in the world did. No other country in the G-7 had interest rates like that.

I am asking at this time for a commitment from the minister that his government do not again intend to commit that kind of offence against the Canadian people. That is my question. It is that simple.

Senator Murray: Honourable senators, few other countries in the world—and certainly few among our competitors—had the unenviable record that this country had under my friends

—and this is the legacy we inherited in 1984—of inflation and deficit as a proportion of gross national product and all the other conditions that dictated a fairly severe monetary policy.

The result of our efforts has been that we now have the lowest inflation and the lowest interest rates. Among our major competitors, according to the IMF and other qualified international bodies, we will lead the world in 1992 and 1993 in terms of economic growth and job creation.

Senator Olson: Honourable senators, perhaps most Canadians believe that kind of little discourse that the minister just went through. That is why this government's strength in the Gallop polls has gone down to 16 or 18 per cent and even further, and why it is still going down. If you truly believe that the Canadian people are swallowing that kind of garbage, well, carry on and you will stay under 20 per cent.

Senator Frith: 82 per cent say they don't.

Senator Olson: That's right, they do not believe this.

THE CONSTITUTION

CHARLOTTETOWN ACCORD—AVAILABILITY OF LEGAL TEXTS FOR REFERENDUM

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government in the Senate. When can we expect to have the legal text, or whatever it will be termed, of the Charlottetown accord for the referendum on the 26th? I have here a headline which says:

> La version juridique de l'accord de Charlottetown disponible le 5 octobre.

Since then, I understand that Mr. Clark has said it will not be available on October 5. When can we expect to have the actual legal version, or whatever it is termed?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have not had an opportunity to discuss this matter with Mr. Clark, but honourable senators will recall what I said on the matter on earlier occasions. The officials have been instructed to attack this task with all possible speed, but the work of drafting is infinitely complex. It involves all of the provincial, territorial and Aboriginal organizations that were parties to the discussions and the agreements.

• (1450)

I very much doubt that we will have complete and agreed-upon legal texts available within the next month. However, I hasten to add that every effort is being made to produce them as quickly as possible and, if possible, before the referendum.

Senator Molgat: What has happened in the interval? This same news story goes on to state:

[*Translation*]

> The new deadline for the presentation of the official legal text of the Charlottetown Constitutional Agreement is now October 5, when the chiefs of the Assembly of First Nations will hold their general assembly.
>
> Federal officials as well as provincial, territorial, and aboriginal representatives had already decided last Thursday to intensify their efforts in order to try to meet that deadline.

[*English*]

According to this article, all the representatives are there—provincial, territorial and Aboriginal. They agreed as of the Thursday before September 14 that they would meet that day. What has happened in the interval to change the circumstances?

Senator Murray: Nothing has happened, honourable senators. If those can be produced by October 5, that will be wonderful. However, my caution and my experience leads me to be sceptical of such an early deadline.

CENTRAL MORTGAGE AND HOUSING CORPORATION

DOWNPAYMENT REDUCTIONS FOR FIRST-TIME HOME BUYERS—USE OF RRSP FUNDS FOR DOWNPAYMENTS—STATUS OF PROGRAMS

Hon. Peter Bosa: Honourable senators, my question is for the Leader of the Government in the Senate. Last February, CMHC allowed a reduction in the downpayment for first-time home buyers from 10 per cent to 5 per cent. There was also a provision to allow people to use their RRSP funds for downpayment purposes.

Will the honourable gentlemen ask his officials to provide some statistics concerning the program's success?

Hon. Lowell Murray (Leader of the Government): Yes, I will be glad to do so, honourable senators. I think my friend was referring to two discrete decisions. It is not one program, but two.

DELAYED ANSWERS TO ORAL QUESTIONS

Senator Lynch-Staunton (Deputy Leader of the Government): I have answers to questions raised on September 9 by Senators Bonnell and Stewart regarding the P.E.I. fixed link; on September 9 by Senator Olson regarding the U.S. Export Enhancement Program; and on September 16 by Senator Molgat regarding a suggested tradeoff in Saskatchewan of telecommunications jurisdiction for constitutional support.

PRINCE EDWARD ISLAND

FIXED LINK—STATUS OF PROJECT

(*Response to question raised by Hon. M. Lorne Bonnell and Hon. John B. Stewart on September 9, 1992*)

> The Department of Public Works does not have a contract with Strait Crossing Incorporated to build the fixed link to P.E.I.
>
> In July, the Minister of Public Works was authorized by Cabinet to enter into discussions with Strait Crossing Inc (S.C.I.). These discussions have focused around

S.C.I.'s previously submitted financial package. These discussions have not been concluded and must be fully addressed before negotiations can commence. The government will only proceed with S.C.I. if they are fully compliant and meet all the requirements.

S.C.I. have taken it upon themselves, at their own expense and financial risk, to conduct test drilling in the Strait. The test drilling is necessary so that S.C.I. can verify previous information and finalize their particular bridge design.

It is our understanding that S.C.I. has received all required permits and approvals from the various regulatory agencies. These agencies include the Department of Fisheries and Oceans, the Coast Guard, the N.B. Department of Natural Resources, the P.E.I. Department of Transportation and Public Works and Environment Canada.

It is important to note that if S.C.I. is to adhere to its pricing and construction schedules, this geotechnical work must be completed this fall prior to the winter elements.

AGRICULTURE

U.S. EXPORT ENHANCEMENT PROGRAM—INCREASE IN FUNDING—GOVERNMENT POSITION

(Response to question raised by Hon. H.A. Olson on September 9, 1992)

The announcement by President Bush on September 2, 1992 regarding the Export Enhancement Program (EEP) contained at least three new elements of concern to Canada:

- total allocations for targeted countries were announced concurrently. In the past, the US announced new initiatives randomly throughout the year. This left some doubt in the minds of importers as to whether new allocations would be made and as to what size those allocations might be. This left Canadian exporters in a somewhat stronger bargaining position than they are in now since all doubt about allocations has been removed;
- certain countries (India, Poland, Romania, Lebanon and Kenya) which were not targeted for EEP in 1991/92, but which had been previously targeted, are now re-targeted. Two countries, Pakistan and South Africa, became eligible for EEP bonuses for the first time;
- the allocations for certain countries where Canada has been the predominant supplier have been increased. Of particular concern in this respect is China where the allocation has been increased by one million tonnes.

Canada views these modifications to, and broadening of, EEP as a most serious matter. As an initial step, Ministers McKnight and Mayer have registered Canada's strong concerns with the changes in a letter to Secretary of Agriculture Madigan dated September 4. In the letter the Ministers noted that under the Free Trade Agreement (FTA) the US and Canada have agreed to take into account each other's interests in the use of any export subsidy on agricultural goods to third countries. They requested clarification from the Secretary as to how the US plans to do that under the recent announcement.

To follow up on this letter, Canada will be seeking early consultations with the US. The purpose of the consultations will be two-fold: to re-register Canada's concerns and to seek clarification of the manner in which Canada's export interests will be taken into account in the administration of the EEP.

At the same time, Canada has also had discussions with the Government of Australia about the possibility of Canada supporting a GATT initiative by Australia against the US.

FEDERAL-PROVINCIAL RELATIONS

TRADEOFF OF TELECOMMUNICATIONS JURISDICTION FOR CONSTITUTIONAL SUPPORT—GOVERNMENT POSITION

(Response to question raised by Hon. Gildas L. Molgat on September 16, 1992)

Saskatchewan's request related to a provision in Bill C-62, slated for second reading later this fall; it did not relate to the Constitution as such. The Government has agreed, further to the transition period provision which was already in the Bill, to retain the Province's jurisdiction over Sasktel for another five years.

Telecommunications agreements are to be negotiated with all provinces and the particular needs of any province will be taken into account. There are and will be no secret deals. As part of the Charlottetown undertaking to harmonize and coordinate regulatory policies, the Government seeks to proceed with regionalization of the CRTC in a way which will give the provinces more say in the formulation of communications policy while at the same time preserving and strengthening a national policy in this area.

[*Later*]

DISTINGUISHED VISITOR IN GALLERY

DEPUTY SPEAKER OF POLISH SENATE

The Hon. the Acting Speaker: Honourable senators, with your permission I wish to recognize a distinguished visitor in the gallery this afternoon, Mr. Josef Slisz, Deputy-Speaker of the Polish Senate.

Mr. Slisz owns a 15-hectare farm and has been active in various farmers' organizations since 1980. He became Chairman of the Provisional Executive Council of Farmers Solidarity in March, 1987, and joined Lech Walesa's Citizens Committee in December of 1988, participating in the round table

discussion of 1989 that laid the groundwork for the first non-communist government in Poland.

Mr. Slisz was elected senator in June, 1989, and became Deputy-Speaker of the Senate. He was re-elected in October of 1991. He heads the Polish Peasants Solidarity Party, which combines strong attachment to the church with grassroots rural and farmers' interests. Welcome.

Hon. Senators: Hear, hear!

ORDERS OF THE DAY

INCOME TAX ACT

CHILDREN'S SPECIAL ALLOWANCES ACT

FAMILY ALLOWANCES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Mira Spivak moved the second reading of Bill C-80, to amend the Income Tax Act, to enact the Children's Special Allowances Act, to amend certain other Acts in consequence thereof and to repeal the Family Allowances Act.

She said: Honourable senators, the 1992 proposals for child benefits contained in Bill C-80 are the latest in the number of changes that have been made in the Canadian system over the years.

It has been suggested that these proposals should be seen as within or part of that historical context. Mr. Ken Battle, President of the Caledon Institute of Social Policy, in his appearance before the Commons committee laid out the traditional arguments for Canada's child benefits system that go back to the 1920s and the 1930s and resulted in the first form of child allowance, the Family Allowance Program.

The universalist position or argument for child benefits is that of parental recognition. Child benefits are meant to help acknowledge the contribution that all parents make to Canadian society in raising children, the future citizens of our society.

The second notion behind child benefits, historically, is that of horizontal equity. Child benefits should recognize the financial burden on families with children as opposed to households without children at the same income level.

The third, and the strongest, argument at this point in time is the anti-poverty objective. Child benefits should help to fill the gap between wages and income needs of families with children.

Fourth, there is economic stimulus. This notion prevailed at the end of World War II to prime the pump at that time to ease the transition from a wartime to a peacetime economy.

Social analysts, of course, have pointed out that various changes to child benefits have not always been consistent with these objectives. But they have always been the underpinnings, the philosophical background of the system, and what I would like to think of as the particular Canadian flavour of our democracy.

Bill C-80, the latest of these changes, is designed to replace an existing patchwork of legislation concerning child benefits geared to assist families with children. Specifically, the family allowance, the non-refundable child tax credit and the refundable child tax credit would all be eliminated and a new child tax benefit would be created. The present equivalent to married credit would continue to be available to single parent families for the first child.

The existing federal system has been criticized on a variety of grounds. Since it comprises a variety of measures introduced at different times for different reasons, and often independently of each other, we have some benefits based on family income, others on individual income, some delivered monthly and others annually.

The family allowance introduced initially as a purely universal program in 1945 to recognize the social value of child bearing and rearing and to assist families in raising children was changed in 1974 to make the family allowance taxable as ordinary income. At present, for 600,000 higher income Canadians family allowances must be partially or fully repaid to government when they file their income tax returns.

It is interesting to note that some of the criticisms made of the government's present proposals were made of the then universal family allowance plan in the 1970 study entitled, "Income Security for Canadians". That paper expressed dissatisfaction with the family allowance as a means of relieving poverty -- the payments were too low and did not direct enough help to lower income families.

Since it was deemed that it would be disastrously expensive to increase the then existing allowances to an amount that would be significant for lower income families, because it would have to be paid to all families, an entirely new approach, it was said, was needed, that is, the targeted approach. That approach, known as the FISP proposal was not adopted at that time. Rather, a proposal which made family allowances taxable was adopted in 1974. The refundable child tax credit was introduced in 1979 to provide additional financial assistance to low and middle income families in raising dependent children.

Other criticisms directed at the existing system, and which led to the present proposals, are the following: As the White Paper states, benefits are delivered piecemeal in three different ways—a family allowance cheque mailed monthly, an annual child tax credit that reduces tax liabilities, and a refundable child tax credit mailed as a lump sum payment after tax returns are assessed, although some families receive partial prepayment in November.

There are different eligibility criteria for each program. For higher income families, there is the cumbersome process of having them receive monthly payments for a year and then having all or most of that money recovered at tax time.

Family allowances are taxed and recovered on the basis of individual incomes, which may result in families with similar total incomes receiving different benefits.

Delays in payment mean that modest income families, for whom the Refundable Tax Credit may represent more than half of federal child benefits, may have to wait more than a year to receive full credit. Thus, tax discounters flourish and families sacrifice part of their benefits to meet their immediate needs. I have some intimate personal knowledge of tax discounters from when I was a member of the Social Planning Council staff in Winnipeg.

The most compelling argument for change, however, is the most familiar one—inadequate support for low income families. Greater assistance is needed to help children in lower income families. A recent Senate report, as you will remember, spoke of the national disgrace of our Canadian children living in poverty.

Inadequate support creates barriers to work for low-income families. Families are faced with employment-related expenses and a possible reduction in social assistance when they choose to work. The proposed new Child Benefit, adding $400 million in federal benefits annually to the existing $4.5 billion in programs, has the following features, once the three programs are wrapped together.

The present Family Allowance, Child Credit and Refundable Child Tax Credit will be consolidated into one benefit paid monthly based on income reported in previous years that will be neither taxed nor recovered at tax time. All children under 18 will be eligible.

The proposed benefit will be subject to a reduction formula much like the existing Refundable Child Tax Credit. It would contain an earned income supplement of up to $500, much like that now available through the refundable GST credit. The base amounts set out in clause 12 of the bill at annual rates would be $1,020 for each qualified dependent; $75 for the third and subsequent dependent under 18 years; $213 per dependent under the age of 7, as well as an earned income supplement equal to 8 per cent of family earned income in excess of $3,750 to a maximum of $500 per year.

The supplemental amount for young dependents would be reduced by 25 cents per dollar of claimed child care expenses, while the earned income supplement would be reduced by 10 cents on the dollar per family income in excess of $20,921. The earned income supplement is phased out entirely at a net income of $25,921, the point at which child tax benefits start to be reduced.

After total benefit levels are determined, the result would be divided by 12 to establish monthly payments. The monthly cheque would be received by the eligible individual presumed to be the female parent who would have to be the principal caregiver and reside with the dependent.

To receive the benefit, an individual would have to file a tax return or some other form in lieu thereof. For example, tax benefits for the first six months of 1993 will be based on income earned in 1991 and, starting in July 1993, the benefits will be based on 1992 income. Every July thereafter, the payments will be updated to reflect the previous year's tax information.

All amounts will be indexed according to the "CP less 3 per cent" rule that applies to so many other tax and benefit measures.

According to government figures, the large majority of families will receive more assistance. Average annual benefits for families with incomes below $50,000—about 2 million families—will be $250 higher under the new system. Single parents will retain the present equivalent-to-married credit for their first child; this is worth an average of $1,445 in reduced federal and provincial taxes.

Changes in family status, marriage breakdown, birth of a child, et cetera, will be reflected in adjustments to monthly payments.

Mr. Ken Battle, the director of the Caledon Institute for Social Policy, as I mentioned, and Mr. Pat Johnson, the director of the Canadian Council on Social Development, listed some of the advantages. I want to quote some of the advantages of the latest proposal. Of course they had criticisms, but these are the advantages:

First, the new system will put the child benefit system on a fairer and more consistent family income basis. At present, there is a mish-mash, as Mr. Battle put it. The childcare expense deduction is based on the income of the lower-income spouse. The non-refundable credit and the Family Allowance are based on the income of the higher-earning spouse. And the Refundable Child Tax Credit is based on family income. This legislation, in this respect, is a good thing and a positive step forward.

Second, incorporating three major programs into one benefit responds to the long-standing criticism that the child benefit system is irrational and complicated. It is not a perfect attempt, but it is a response to this criticism.

Third, $400 million of new moneys, added to the $4.5 billion in 1992, will be put into child benefits each year over the next five years. In the present economic context, this is welcome news. It will also incorporate additional support for lower-income working families with children and will target assistance to those who need it most.

Critics of the new child benefit scheme have attacked the proposal on several grounds. I will not deal with all of them, but some of them are as follows: Family Allowance is no longer a universal program. However, in my view, this is not a sudden death. It is a death by a thousand cuts. Surely a system which has taxed back the benefit from the personal incomes of higher income families since 1974 is universal in appearance only, because, since it is taxable, it is selective in its real effect.

Another strong criticism is that, because indexation of the Child Tax Credit will be limited to changes in prices in excess of 3 per cent, families will get less and less every year.

The new system, like the current one, will be partially de-indexed, which means that the values of these benefits will decline over time. That is true not only of the benefits, but also of the magic threshold up to which the maximum benefits are paid, which will be $25,921 in 1993; thus, the threshold also will be de-indexed.

The government response to this criticism is that the best protection against inflation is a commitment to price stability through both social policy and economic policy, and that the government's record in this matter is a good one because it has increased and enriched benefits since 1985 so that the average level of benefits paid to low income families has more than kept pace with inflation.

The earned income supplement has also raised questions on issues of equity. Although working families need more help, it has been suggested that this is not the way to help them. Some families who are poor will get additional benefits while other families who are poor will not.

However, other social analysts have pointed out that, within social assistance programs delivered by provincial governments, a number of benefits in kind are provided to recipients—such as coverage for dental care, for prescription drugs and for eyeglasses, as examples—that are not available to the working poor. This was a point made by Mr. Patrick Johnson. The earned income supplement is a way to try to rectify that imbalance between the working poor and the socially assisted.

There are other troubling issues raised concerning equity. Canada, it is said, apparently has one of the world's highest rates of poverty for single-parent and female-led single-parent families—the most recent rate being 60 per cent. How many of these will receive the full $500 supplement? Also, since this is a child benefit package, the earned income supplement is restricted in this instance to families with children. What about families with no children? It is claimed that approximately 60 per cent of the working poor are in households with no children; 60 per cent would not be able to benefit from the earned income supplement as it is proposed.

So the question is, what would be the impact of the earned income supplement on the poverty rate? For example, how many poor single families would be boosted above the poverty line? I would hope that the committee studying this legislation might address these issues.

The most important consideration to keep in mind, in my view, is the impact of child benefits on poverty, on poor children in Canada, of whom we know there are far too many, as our own Senate committee has found.

I share the concern of those who claim that the new child tax benefit, while a positive step forward, is not a comprehensive program to combat child poverty. We must do better, and I hope that the committee that will study this bill will review some of the issues raised by those citizens and social groups appearing before the House of Commons committee for future changes to the child benefits package so that the rhetoric surrounding the signing of the Convention on Children's Rights and the declarations of those in the political process are implemented into legislation.

The fight against poverty is not just a matter of child benefits. A national child care program is a vital element in that battle. I would hope that that goal has not been abandoned and that Canada will have such a program in the near future.

In its review of this legislation, the Senate committee may wish to revisit this issue, which was the subject of a report by a subcommittee on child care which I had the privilege of chairing some time ago. That was a subcommittee of the Standing Senate Committee on Social Affairs, Science and Technology.

Honourable senators, this legislation should be supported as an evolution in the history of child benefits, a positive step forward but not the "end of history", to paraphrase Fukiyama. We should indeed strive for continued progressive changes to child benefit programs in order to serve the needs of children and their families in Canada.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I would like to be able to say that it is a pleasure to speak in this debate. Unfortunately, it is not. How could I rejoice in the death of the universal family allowance program?

Bill C-80, which is even more odious in that it is being proposed in the midst of a recession, will remove another pillar from the Canadian social security system. When it is passed, a large chunk of the social safety net that Canadians have laboriously constructed since the 1940s will be gone.

This measure is even more unacceptable in that it is contrary not only to the evolution of social programs in Canada but to the formal assurances that the Prime Minister and his government gave us. In its Speech from the Throne on November 5, 1984, the newly elected government said that it has as a high priority measures to support and strengthen the Canadian family, which is the cornerstone of our society.

How nice!

In the same vein, the Minister of National Health and Welfare said on November 15, 1984:

> It is my role to put forward signals and initiatives which will strengthen the role of the family and give it more prominence in society than I feel it has been given before.

Could anyone say it better?

Several years later, this same Conservative government, in the Speech from the Throne on May 13, 1991, admitted that children are both the most important and the most vulnerable members of society and that its objective was to provide better education and better protection for Canadian children. That is almost sublime!

Listening to these fine promises, made with an almost New Democratic quiver in the voice, people might have believed for a moment that the new government would perhaps be more progressive than conservative. They had still not forgotten Brian Mulroney's great pledge in the 1984 election campaign:

> "Our social programs are a sacred trust, not to be tampered with".

True Conservatives must have shuddered on hearing their leader express such faith in our social programs, the work of Liberal governments. But they reassured themselves by saying that once in power, Brian Mulroney's government would quickly set aside this ill-considered little sentence, the result of his tendency to exaggerate. Nevertheless, eight years later, like a nagging feeling of remorse, it has come back to haunt the Prime Minister every time another regressive measure takes away another piece of the "sacred trust". For example, let us recall the changes to unemployment insurance, the end to assistance for cooperative housing, the reduction in aid for social housing, and so many measures that seemed intended to further impoverish the most disadvantaged Canadian families.

Not only has the government abolished many existing social programs but it went back on the only promise that would have given a little comfort to poor families: the child-care program, which for a long time has received less attention than constitutional trivia.

Oh, how I regret not having the late Senator Croll's eloquence and passion in defending the poor and especially poor children. Were he with us today, he would have given us a display of his righteous anger which, one never knows, might perhaps have shaken the tranquil cynicism of the senators opposite whose only mission on earth, it seems, is to pass as soon as possible any bill submitted by their government, regardless of its social consequences.

Once again, for purely electoral reasons, the government decided that C-80 had to be rushed through, so that it could issue cheques starting on January 1. As if by chance, that is the same date as was arbitrarily set for implementing the GST.

In the House of Commons, they started discussing this important bill on June 1. After two days of debate yes, two days of debate!—the government used closure, a measure which parliamentarians with some respect for democracy use only in extreme situations. As has become its habit, this government held public hearings which were a mockery, since it imposed deadlines that were too short to enable witnesses to prepare their submissions and to alert the public.

In fact, most witnesses protested strongly against this show of force which ridicules the democratic process, or what is left of it, in the House of Commons!

Once again, many people who did not get the opportunity to be heard, or many witnesses who did not have the time to prepare their submission, rely on the Senate to correct this injustice. We shall see if the very docile government senators will display a greater sense of democracy than their colleagues in the other place.

In many respects, Bill C-80 is typical of this government. For one thing, this legislation is introduced as a program to improve child benefits. We are told that is simply a matter of combining all the existing benefits into one. In other words, it is just a measure to make life easier for the public, an argument which is not without appeal in this period of increasing bureaucracy.

The other day, by chance I heard the minister Benoît Bouchard explain on television in his reassuring, deep voice that this legislation was just to streamline and simplify. He seemed to be saying: "Come on children, relax! There is nothing to it!"

Hon. Philippe D. Gigantès: You are going to starve to death tomorrow, in order to improve the system.

Senator Hébert: There! But when the government tells us about "streamlining" and "simplifying", there is reason to be concerned. There is always something suspicious. You only need to search a little to find the real intentions of a government which seems to have but one priority: To reduce, at the expense of the poor, a deficit which, as everyone knows, has simply doubled since it took power.

At first glance, Bill C-80 seems quite harmless and quite reasonable. According to its proponents, it would also have the advantage of combining family allowance, the refundable child tax credit and the non-refundable tax credit in a single monthly allowance.

The government forgot to mention that the real purpose of Bill C-80 is to end the universality of family allowance, despite Brian Mulroney's famous promise that he would never tamper with this "sacred trust", as he said in 1984, in referring to our social programs.

The government seems to be trying to make up for this unpardonable betrayal by saying this is a progressive measure that will direct funds to those who need it the most. It does no such thing. The Minister of Finance maintains that Bill C-80 will raise federal child benefits by $400 million per year or $2.1 billion over five years. The minister seems to forget that his government took more than $3.5 million out of the child benefits system between 1986 and 1991. In other words, families in need will not receive a penny more.

Since 1984, the Conservatives' initiatives have never stopped undermining the security of our families and the foundation on which Liberal governments had built Canada.

Since the twenties, Liberal advances in social legislation continued practically without interruption until this government came to power. Since then, these progressive measures have been dying a slow death.

With Bill C-80, the Conservative government continues to dismantle Canada's universal social security programs. A short overview of our social security legislation will make this clear.

The origins of family allowance go back to 1918, when the government amended the *Income War Tax Act* and introduced a child tax exemption of $200 for each child under 16, at a time when a quart of milk cost 5 cents. With this new measure, the government recognized the importance of having an income supplement for dependent children. In 1927, the tax exemption was raised to $500 and extended to all children under 21.

The family allowance concept became more widely known and, in 1929, the Striking Committee of the House of Commons started to examine this subject matter. Unfortunately, these developments were interrupted by the Depression and the Second World War and the subject was not resumed until the early forties.

At that time, the House of Commons Reconstruction Committee decided to consider the concept again. Inspired by a study prepared by Sir William Beveridge for the British Parliament, entitled "Social Insurance and Allied Services", the federal government became more sensitive to the need for a social security program in Canada.

According to Beveridge, family allowance was necessary to pick up the slack in a pay system that did not consider family size.

In March 1943, the federal government tabled in the House of Commons a document prepared by Mr. Leonard Marsh: "Report on Social Security in Canada".

According to the Marsh report, the inadequate incomes of employed workers with a number of children was one of the main causes of poverty. The report concluded that the State had an obligation to correct income on the basis of family size. Subsequent to the Marsh report, Prime Minister Mackenzie King's Liberal government announced in the Speech from the Throne, in January 1944, its intention of paying a family allowance, and I quote:

> "The family and the home are the foundation of national life. To aid in ensuring a minimum of well-being to the children of the nation and to help gain for them a closer approach to equality of opportunity in the battle of life, you will be asked to approve a measure making provision for family allowance."

With this statement, the government laid one of the cornerstones of Canada's social income security system. It also recognized that family allowance was an investment in the children and future of this country.

In his speech on July 25, 1944, when he introduced the family allowance bill, Prime Minister Mackenzie King demonstrated beyond a doubt that he was a great Liberal and was able to lay the foundations of a just and more compassionate society. He said, and I quote:

> ". . . there is an obligation upon the state to assist in the upbringing of children . . . But, up to the present time, that obligation has been recognized only with respect to the more fortunate in our country, those who already have an income large enought to be taxable and to entitle them to exemptions according to the number of children in the family. In other words, where the need has been least it has already been recognized. The purpose of this bill is to recognize a similar obligation where the need is obviously greater than it is in the other cases."

[Senator Hébert.]

The historic speech by the Prime Minister of that time signaled the advent of the Canadian family allowance program. This necessary measure would help spread the cost of raising children more fairly among the whole population. The allowance program would from that time on apply universally to all Canadian children, without exception.

Let us not forget that this happened at the end of the Second World War, when a government that had no money had to face countless priorities. In his memoirs, our late illustrious colleague, the Right Hon. Paul Martin, reveals that not all members of the Cabinet agreed. Even among Liberals, conservatives sometimes manage to creep in! Let me quote you a paragraph from this thrilling work:

> The cost of these changes disturbed some in the cabinet, including C.D. Howe and the conscientious keeper of the public purse, Jim Ilsley. Ilsley's objection was that the report, having been released prematurely, did not carry the official sanction of government and therefore could not be accepted as the basis for legislation. While Ilsley might have based his official objections to the proposals on these grounds, I knew that philosophically he did not favour spending the government's money in this manner. One night he and I talked long into the wee hours arguing the pros and cons of state measures for social security. He honestly felt that the government could not afford these measures and that some of them should be undertaken by the family, the church or the provinces. Ilsley kept asking me: "Why do you want to saddle us with these things?" My answer was: "Because of my liberalism".

[*English*]

Moreover, during his July 25 speech, Prime Minister Mackenzie King illustrated the importance and need for this program, underlining the fundamental values which prompted the proposal. Again, his words spoke so eloquently and so passionately, ringing as true and sounding as relevant today as they did then, that I feel I must quote them, and quote them to remind the Conservative Government that its actions portend a dark future for all Canadians if it continues tearing the fabric of nationhood.

Senator Cools: Hear, hear!

Senator Hébert: He said:

> This measure . . . is in the general interest rather than in the interest of any particular class. What most of us forget is that, more and more, we are all coming to be dependent on each other, that no man liveth to himself, that no community liveth to itself, that no nation liveth to

itself, that we are members one of another, and that, if any part of the community suffers because of subnormal conditions, sooner or later other parts of the same community will suffer likewise. You cannot have one section of the nation undernourished, ill-clothed and unequal to its daily tasks, and not have the rest of the nation sooner or later suffer as a consequence.

Senator Murray: That is why we are targeting the new child tax credit.

Senator Hébert: Oh, yes, we know that!

Honourable senators, I am certain that all of you agree with the basic tenure of this quotation, and that given the scope and implications of Bill C-80, these are words which the Conservatives ought to heed.

In any event, when the House of Commons finally voted on the Family Allowance Bill on that memorable day in 1944, not one single dissenting voice was raised. All members of Parliament seemingly realized that family allowances were the most effective means of providing an income supplement.

Over the years the tax system continued to evolve to the benefit of families with children. By 1972, for instance, the Liberal government introduced a child care expense deduction to help working parents offset the cost of raising children.

Senator Murray: We improved that in the last budget, too.

Senator Hébert: You have improved so many things in the last eight years, it is incredible!

Senator Gigantès: You are pushing us into a depression, and that, too, is evident.

Senator Hébert: Moreover, the Family Allowances Act was amended in 1973 to further ease the financial burden of raising children and to increase equality of opportunity for children regardless of the economic condition of their families. Again in 1978, the Liberal government restructured child benefits to circumvent problems pertaining to low income families. With little or no taxable income, these families could not benefit from existing tax exemptions and deductions. Therefore, the federal government introduced the refundable child tax credit which provided a maximum benefit of $200 per child per year.

Senator LeBlanc: That was Monique Bégin.

Senator Hébert: As you can see, Canada's family allowance programs have followed a very specific course. Since their inception, each change brought to these programs helped alleviate the cost of raising a family. These changes reinforced universality and the commitment of the national government to Canadian families. Unfortunately, since the Tories were swept to power in 1984 —

Senator Murray: And in '88.

Senator Hébert: —this course has been altered and child benefits have been spiralling downwards to virtual oblivion.

Senator Frith: We will sweep them out of power.

Senator Hébert: As I mentioned at the beginning of my remarks, the Conservatives are playing a smoke-and-mirrors game with the figures. For example, the government claims that the new benefit will add $400 million a year to the current annual federal assistance to families, a five-year total of $2.1 billion. This estimate conveniently ignores the fact that the government subtracted more than $3.5 billion from the child benefit systems between 1986 and 1991.

Senator LeBlanc: Shame!

Senator Murray: Talk about smoke and mirrors!

Senator Hébert: At first glance this bill appears to be acceptable. The government claims that Bill C-80 will simplify tax returns, that it will maintain more generous benefits for children under seven and for large families. It sounds good. As well, the government pretends that it will increase the incomes of families with lower revenues. Accordingly, most families in the $30,000 to $50,000 range may expect as little as $4 more a month for their children.

However, all is not as it seems in Toryland. To help illustrate the dishonesty of this bill, I wish to draw the attention of my honourable colleagues to an article from the April 1992, issue of *The Catalyst,* a publication of citizens for public justice. The article says:

Under the current system the poorest Canadian —

Senator Frith: Words like "justice" make them laugh; did you notice that?

Senator Hébert: Yes, and "human rights". Last week, it was "human rights" that made them laugh.

Senator Lynch-Staunton: Who was the author?

Senator Hébert: It reads:

> Under the current system, the poorest Canadian families, those receiving social assistance or unemployment insurance payments will not receive an increase in their benefits. Under the current system, these families receive annual family allowance payments of $419 per child, and a refundable tax credit of $601, for a total of $1,020 per child. The new child tax credit will give them $1,020 per child, exactly the same benefit as the current system. The only additional funds are in the form of an earned income supplement for families that are employed and earn more than $3,750 annually. For every $100 earned over $3,750, these families will receive an additional $8, up to a yearly maximum of $500. Once annual earnings reach more than $20,921, the earnings supplement will be decreased and will disappear completely at the point where annual income is $25,921 or more.

Senator Frith: That is one of the improvements. Another Senator Murray improvement!

Senator Hébert: Honourable senators, the government's duplicity is exposed in the glaring light of day. This new

scheme evidently does not apply to families on social assistance. Oh no, it does not! It does not apply to those who receive unemployment insurance.

Senator Gigantés: The undeserving poor.

Senator Hébert: Absolutely, and adding insult to injury, the extra money given to average families, about $1,300, is actually less than if the government had not tampered with programs over the last eight years.

Obviously this new plan was devised to help the sagging fortunes of the Conservative government. By providing only the appearance of a benefit increase, the government hopes to curry the electoral favour of a broad cross-section of the Canadian population. How cynical! How manipulative!

Senator Gigantès: How Tory!

Senator Hébert: I wanted to say "How wrong!" but you said it for me: "How Tory!"

Canadians have had their fill of these methods over the last eight years. No amount of tinkering nor fudging of figures can revive this government. Canadians will see through the manipulation and electioneering of the government, and relegate it to where it properly belongs.

Moreover, the partial deindexation of benefits and the complete lack of indexation of the threshold amounts will gradually erode the benefit amounts as well as reduce the number of families entitled to benefits. Had the government seriously considered helping the poor, it would have proceeded differently. It would have indexed benefits fully to the cost of living; it would have included an increase in benefits for families on social assistance and unemployment insurance; it would have converted the child care expense deduction into a tax credit and thereby preserved the universality of the family allowance program. Instead of an improved system, we have a program that is far less than a shadow of its former self.

Moreover, the government has chosen to drastically alter the course plotted by successive governments for social programs since their inception in the early years of this century. Therefore, I must conclude that this bill can only prove harmful to the social fabric of Canada, and that in all good conscience, senators must vote against it.

In closing, I might add that the underlying philosophy implicit in this bill is one of scorn for the people. In his book, the *History of Western Philosophy*, Bertrand Russell emphasized that the oligarchs of ancient Greece had a motto, which went roughly as follows:

> The people are my enemy, and I shall devise all I can to harm them.

In the same vein, Russell noted that modern Conservatives ought at least to have the same courage in expressing their beliefs.

With Bill C-80, the Conservative government heaps only scorn and contempt on the people of Canada. However, unlike the oligarchs of Greece, it does not have the courage of its convictions.

[Senator Hébert.]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the scorn Senator Hébert has demonstrated that this government has for the people it obviously has also for Parliament. This is just one of the examples of that scorn. He has placed on the record our objections to the legislation —

Senator Murray: It has three times as many Tories here to hear your speech.

Senator Frith: Just listen to what you did in this case.

Senator Murray: We are all here to listen to you. Look around.

Senator Frith: I was looking at the particular person who was speaking, namely, the Leader of the Government in the Senate. I am looking at him.

Senator Murray: Look at the Tories who are here to listen to you.

Senator Lynch-Staunton: There goes your deputy.

Some Hon. Senators: Oh, oh!

Senator Frith: I notice that is becoming a typical Conservative reaction. When anyone in the press asks the Prime Minister a question, the answer they usually get is, "Ha, ha, ha!" Watch for it all through the referendum debate. That is his answer to most of the questions that the people and the press ask him.

Senator LeBlanc: He caught it from Joe Clark.

Senator Barootes: Table your speech and we will have it published.

Senator Frith: In his remarks, Senator Hébert focused on what the government has done. He described how this heartless government does not care whether hundreds of thousands of families use their income to raise children or to buy toasters. What was as bad as what they did was how it was done. I want to focus on that for a moment because I sense that the government wants to run a bulldozer through the Senate with this legislation, as it did in the House of Commons.

Here is the story of how the government is doing what it is doing—and I intend to look at three aspects of the process. I say it is important to us here in the Senate as we start debate on this bill because I suspect that the government will want to do the same here. The tale turns out to be a tragedy in three acts. The first is the history of the children's benefits, the second is the Government's white paper on children's benefits, and the third is how the government went about what might euphemistically be described as "guiding its package through the other place."

First the history: As Senator Hébert explained, Bill C-80 eliminates three programs. First, the refundable child tax credit introduced by the Trudeau Liberal government in 1979. Second, the Family Allowance Program introduced by the

King Liberal government in 1945. Third, the child income tax credit, formerly known as the income tax deductions for children, introduced by the Borden Unionist government in 1918.

On that particular branch, I see in the Ottawa *Citizen* today a comment about the child benefit changes:

> It's probably just as well the federal government is getting out of the baby bonus business. Since family allowance payments were being clawed back in taxes anyway, the "universal" payments had become a bureaucratic charade, an un-sacred trust. But there's a lot more than $35 per child going out with this bath water. The bill which passed the Commons last week also does away with tax deductions for dependent children, essentially eliminating concessions to child-rearing parents with middle or upper incomes. Parents will still be able to claim daycare expenses, but the deductions of $406 to $812 per child that helped offset clothing and feeding costs disappear in 1993.

Then it lists the figures expressed by Senator Hébert and continues:

> But treating all middle and high income families identically, whether they have dependent children or not, abandons a basic premise of a progressive system: taxation according to ability to pay. It is simply absurd—and inconsistent—to tax a family feeding and clothing four or five youngsters the same as a childless family.
>
> It's bad enough that today's children will eventually be saddled with the bills for the excesses of today's governments. But ignoring the sacrifices parents make today to provide the country with the next generation of taxpayers only adds to the injury.

It took generations to build up this system of support for Canadians. That is why, or so we thought, it was called a "sacred trust" by Mr. Mulroney when he was a candidate. It seems now that nothing is sacred; certainly not this support system. What took generations to build up will be destroyed in a few short months. Of course, it is much easier to destroy than to create, dynamiting what took 74 years to build. Is it not reasonable for us to ask here, as another legislative body in the Parliament of Canada, whether the government has acted too hastily, and if so, why?

Well, perhaps not. The government will say that it acted traditionally following the tabling of its White Paper.

● (1550)

That brings us to Act II. Let us look at the white paper. When Finance Minister Mazankowski tabled the budget papers on February 25, 1992, he also tabled the child benefit white paper on Canada's new integrated child benefit. Here it is. This is the white paper on the dismantling of 74 years of social building. It is 12 pages, mostly graphs, a little fold-over. It is better described as a pamphlet. That was Mazankowski's answer to those who believed he acted hastily. While this monumental social structure is disintegrating before the nation's eyes and the dynamite dust is still in those eyes, the government points to this little pamphlet as its study of its program of dismantling.

"White paper" has a very specific meaning. I quote from *Public Administration in Canada, A Text*, Second Edition, Kernaghan and Siegal, Brock University, page 128:

> Coloured papers are an important part of the policy-making process. They are documents prepared by government departments to communicate current government thinking on a particular issue to interested individuals or groups and to stimulate public discussion on the issue. One of Canada's foremost students of the use of coloured papers argues that they have three basic purposes:
>
> To provide information to interested parties;
>
> To involve Parliament and the public in decision-making;
>
> To stimulate federal-provincial consultation.

Further on the same page:

> A white paper

— which this little pamphlet purports to be, or brags to be—

> is a statement of government policy. It usually provides a statement of policy in everyday, non-legislative language, accompanied by an explanation and defence of the particular course of action chosen.

Governments have issued quite a number of so-called white papers since they were first introduced in 1939, including a 1970 white paper on income security, a 1982 white paper on criminal law, and a 1985 white paper on copyright. In 1968, there was a white paper on a somewhat more esoteric subject than this one, but certainly outweighing it in every way. The 1968 white paper on antidumping is a substantial document running to 100 pages, of which our present example would be the equivalent of a page or two.

In dismantling the 74-year-old child benefits program, the government was happy with this little item, 12 pages of scholarship and thought and toil by the Conservatives, and even that probably strained them. Imagine, a white paper with a dozen pages. Take that, you, who thought this government knew nothing and wanted to know nothing about social policy and the problems facing Canadian families. Here is the evidence: 12 triumphant pages of study, research, understanding and scholarship, all leading to the destruction of one of Canada's most envied and caring social programs.

It was these 12 pages that were transformed and presented to Parliament in legislative form on May 13. Now at least Canadians, through their elected representatives in the House of Commons and directly through the committee process, would be invited to examine, debate, and participate in the future course of this legislation. That is the theory. That is what the academics teach our students takes place as Parliament assumes its historic and noble role.

But that is not the reality with the Mulroney style of parliamentary government. Here is what actually happens, political scientists and others, far from the class rooms, the text books and even the editorial rooms. This is how the government guided, if I can use such a kind word, Bill C-80 through the House of Commons. I am going to deal with second reading debate, closure, committees, report stage and third reading.

First, let's examine the second reading debate. Monday, June 1, 1992, at 3:18 in the afternoon, the government brings Bill C -80 forward for second reading. We wait for the minister to explain what the government is doing in dismantling this 74-year-old sacred trust, but he is not there. Instead of the honourable Benoit Bouchard, the Minister of Health and Welfare, rising to explain how the government is proposing to fundamentally restructure the $4.5 billion child benefit system, Mr. Pierre H. Vincent rose to his feet.

$4.5 billion is a major piece of change. That is $10,000 every day for 1,233 years. It is $12 million every single day of the year. We use the word "billion" so cavalierly. If someone two thousand years ago, in the time of Jesus, had $1 billion—sorry. Senator Barootes wants to make a speech.

Senator Gigantès: Who is explaining the mathematics to whom? You are to him, or he to you?

Senator Frith: Senator Barootes is explaining something to Senator Doyle.

Senator Gigantès: It is simple arithmetic.

Senator Barootes: You mentioned cavalier. We are not cavalier.

Senator Gigantès: You only understand subtraction.

Senator Barootes: Look at it again, Royce.

Senator Frith: If, 2,000 years ago, someone had had $1 billion, he could have spent $1,000 every day for two thousand years—no interest, just the capital—and still have had $270 million left over. You can check it. It is very easy. $1,000 a day; 365 days per year; 2000 years. That is $730 million, with $270 million left over. And here we are talking about $4.5 billion.

Senator Simard: I am sure Senator Olson will want to take a look at this.

Senator Frith: I must say you are not unusually mouthy today, sir. Quite normal.

Now, then, who is Mr. Pierre H. Vincent to explain how this $4.5 billion was to be spent? Who is Mr. Pierre H. Vincent?

Senator Murray: He is an excellent member.

Senator Frith: Mr. Vincent is, we hear, an excellent member. But he is not a member of the Cabinet Committee on Human Resources, Social and Legal Affairs. Perhaps a chairman or a member of the Nice Guys Committee, but not of that committee. That committee, in fact, is chaired, I believe, by Senator Murray, and is otherwise known as the Cabinet Committee on Family Values. Mr. Vincent is not a member of that cabinet committee. He is not —

Senator Gigantès: The Dan Quayle of Canada.

Senator Frith: I was hoping that might evoke that analogy. Mr. Vincent is not even a member of the cabinet. It is questionable whether Mr. Vincent has ever attended a cabinet meeting, let alone the meetings that led to the decisions underlying the legislation.

• (1600)

Yet, this parliamentary secretary to the finance minister rose to explain why cabinet, of which he is not a member, had decided to end the 47-year-old Family Allowance Program and the 74-year-old child income tax credit.

This choice of Mr. Pierre Vincent to man the plunger tied to the dynamite caps might be—in fact, is—a good indication of what this government considers important. His decision to expend 10 whole minutes—which will soon be approximately the amount of time that Senator Barootes and others have spent mumbling—to explain and defend the legislation is an even better indication.

Perhaps the best indication is the government's failure twice to maintain quorum during the next two hours of debate on this bill that day. But even two hours of debate was apparently much too long. Here is what happened. Mr. Pierre H. Vincent had explained the government's entire position in 10 succinct minutes, but the opposition went on to squander two valuable hours of house time on this $4.5 billion piece of legislation, dismantling a system which had taken almost 75 years to build—two whole hours they had spent.

Enter Harvie Andre. What? This abuse of Parliament could not be allowed to continue. The rights of the majority and of the government to govern was being trampled. Andre's nostrils twitched, he sniffed conspiracy. This must be another massive filibuster—visions of the GST. Something had to be done. What to do? Closure, of course.

On June 8, the Honourable Harvie Andre, defender of Parliament, explained that he had been unable to reach an agreement with opposition members with respect to time allocation for second reading of Bill C-80, and that, pursuant to their Standing Orders, he was giving notice that there would be only one more day of debate. The evil threat of real and meaningful debate in the House had been averted—thank God.

I was not in on those discussions between Mr. Andre and his counterparts in the opposition parties, and so we can only speculate as to what was said. It might be worthwhile doing so to determine what his colleague, Senator Lynch-Staunton, might be trying to do—although we hope not—in the Senate.

Perhaps the minister argued that opposition members had already spent more than 10 times as much time debating the bill as had the government. Perhaps, he argued, that seeing how the government could wrap up its entire position in 600 seconds, it was an abuse of process for the opposition, who

already had 7,200 seconds—two whole hours—to demand even more time. Perhaps he asked the representatives of the opposition parties to publicly apologize for having already wasted so much of the valuable time of the House on the bill. After all, the government members had much better things to do—although no one ever explains what those better things are -- than to provide quorum or to participate in debate.

One can only surmise that, notwithstanding whatever reasonable arguments the minister advanced, the opposition members remained obstinate. One could not reason with them. They would continue their two-hour filibuster. Thus, this defender of Parliament was left with no choice, which is why on Monday, June 8, probably manifesting a heavy heart, he gave notice of time allocation.

On Tuesday, June 9, Mr. Andre actually moved the motion for time allocation. It was voted on almost immediately since the Standing Orders forbid debate on the motion. The House then turned its attention to Bill C-80 and, following another four hours and 20 minutes of debate, the guillotine crashed down. The vote was taken and the legislation was referred to committee.

There it was; less than seven hours of debate at second reading. There are 295 members in the other place, and there was only seven hours of debate. The government believed, I take it, that the 295 members had better things to do than to debate the dynamiting of Canada's premier social program.

If what occurred in the House of Commons at second reading was a travesty of the parliamentary process, which I believe it was for legislation of this importance, at least the contempt shown by the government was reserved for the members of that chamber, including their own members who I suppose enjoy being denigrated in this way. What subsequently occurred in committee was even worse, according to those who wished to participate in the process.

The House of Commons Legislative Committee on Bill C-80 held its organization meeting on June 11. On June 15, it heard from the responsible minister—not the Honourable Benoit Bouchard, the Minister of National Health and Welfare, but the Honourable Don Mazankowski, the Minister of Finance. Here we again see the priorities. From the government's point of view, Bill C-80 was not legislation that dealt with the health or welfare of Canadians but, rather, a measure designed to help the Minister of Finance and the government politically.

When the minister had concluded, Conservative member Barbara Sparrow moved that the hearings "... terminate on Tuesday, June 23, and that would be the end of the witnesses for Bill C-80." That quotation is from page 1:41 of the proceedings of the committee.

When opposition members explained that terminating all hearings in only eight days was unfair to all those who were interested in appearing, Barbara Sparrow, at the suggestion of the chairman, finally withdrew her motion. Nice try.

The committee met on seven more occasions that summer before winding up its hearings on July 16. Why did it have to conclude in July when it could not present its report to the House for another two months anyway? Whatever the reason, the decision to conclude in mid-July had unfortunate consequences, because some groups were unable to meet the deadline imposed by the committee.

The National Anti-Poverty Organization submitted a brief dated July 16, which brief began as follows:

> The National Anti-Poverty Organization (NAPO) is unable to appear before your committee. We deeply regret this situation because we believe that Bill C-80 is flawed and dangerous. We would have welcomed the opportunity of explaining our position to you in person.
>
> However, this is impossible because of the timing of your hearings . . ...
>
> This is very unfortunate because we have something to say on behalf of poor families . . .
>
> Your inflexible schedule of hearings has in effect silenced us and we vehemently protest this situation.

That was but one of the consequences. Other groups or individuals who did appear had little opportunity to prepare, and felt insulted and demeaned by the whole process. For example, I refer to a letter received by David Walker, our critic on social policy in the other place, from Barbara Blouin of Tupper Grove, Nova Scotia. Miss Blouin appeared before the legislative committee on June 23, 1992, getting in before the closing of the committee, and this is how she described her experience. She begins by saying that the chairman:

> . . . cut me off just as I was beginning my talk and seemed bored and impatient.
>
> In fact, the whole experience was most disheartening. I am beginning to understand increasingly the democratic process under the Mulroney government is nothing but a sham, a charade. When virtually all the witnesses called for Bill C-80 criticized it (I had already read about it in the "Globe & Mail"), but nevertheless the bill is rammed through the committee process by the majority of its Tory members, there can be no other conclusion than this: They don't listen, they don't respond, they're not answerable to the people, they'll do what they want because they have the power to do so. I haven't felt so powerless in all my life. To actually have an opportunity to speak to some of Canada's leaders, to have worked very hard to write a brief, and then to realize that it meant nothing, and even that I and others were being used to uphold the propaganda that this is a democratic process—it's hard to swallow.

● (1610)

Senator Gigantès: It is her fault for thinking that she could get a hearing from the Tories. She is poor.

Senator Frith: She is certainly disillusioned.

This is the reality of what occurred; not the theory but the reality of what occurred in the House of Commons' Legislative Committee, at least as far as this witness is concerned.

Moving on to report stage, when the House returned on September 8, 1992, the committee tabled its report and the charade began anew, in a new setting and a new light. On Monday, September 14, debate began on the report stage. After only two hours of debate, the Honourable Monique Vézina, Minister of State for Seniors and for Employment and Immigration, gave notice of motion of time allocation —

Senator Gigantès: Again?

Senator Frith: —for the remaining stages. There would be one more day of debate at report stage and one day at third reading. After two hours of debate, notice of time allocation was given. Two hours of debate was too much for this government.

On Tuesday, September 15, the time allocation motion was moved and voted upon without debate. The vote at report stage was forced at 4:45 that afternoon, after a further three-and-three-quarter hours of debate that day.

On Wednesday, September 16, there were three-and-a-quarter hours of debate at third reading. The vote was forced at 7 p.m. pursuant to the time allocation motion and the bill was passed.

So this was the parliamentary process in the other place on Bill C-80: Second reading, six-and-a-half hours of debate; committee rushed, demeaning the witnesses; report stage, seven-and-three-quarter hours of total debate; third reading, three-and-a-quarter hours. That is it; end of Act III; a very short play.

Parliament, for hundreds of years supposedly a place of debate, study, discussion and informed decision, ground under the government's heel again. Pitiful! Purely a routine, mechanical, levered stamp machine, and a damned nuisance to this government, at that. Will it be the same here?

The government claims that we must work to regain people's respect for Parliament. In its 1991 constitutional proposal, the government said—and I say to the Leader of the Government in the Senate that this was your government—

> Canada's political institutions must be revitalized. One of the important conclusions of the Citizens' Forum on Canada's future was that Canadians are increasingly concerned about the effectiveness, fairness, and responsiveness of those institutions.
>
> Our objective must be to build upon our parliamentary traditions to produce improved political institutions. These institutions must be democratic; they must be effective; they must be seen by Canadians across the country to represent them fairly . . .

Senator Stewart: That is all before Charlottetown.

Senator Frith: And do you hear those words, Barbara Blouin? You probably heard those words.

[Senator Frith.]

> These institutions must be democratic; they must be effective; they must be seen by Canadians across the country to represent them fairly and responsively . . .

Barbara Blouin writes:

> I haven't felt so powerless in all my life . . . and then to realize that it meant nothing, and even that I and others were being used to uphold the propaganda that this is a democratic process—it's hard to swallow.

Senator Molgat: Who is saying that?

Senator Frith: That is what the witness, Barbara Blouin, said. That is what she, the witness, said as to how she was treated.

So back again to the government's 1990 constitutional proposals:

> These institutions must be democratic; they must be effective; they must be seen by Canadians across the country to represent them fairly and responsively; and they must reflect the diversity of peoples and opinions within the country.

Honourable senators, these big words should be followed by concrete actions. There is still a chance. These big words certainly were not followed by such actions in the other place, but that is what a Senate is for. That is why we have a bicameral system. So if we are to follow these big words by concrete actions, why not start today? Why not have some meaningful committee hearings? We would prefer postponing the hearings until after the referendum vote.

Senator Murray: Why?

Senator Frith: But if the government is determined to press ahead, still let us do it right. No more shams. Let us take time. Let us have comprehensive hearings.

Senator Lynch-Staunton: Hear, hear!

Senator Frith: I want it understood clearly on the record that when I said "No more shams," and "Let us have comprehensive hearings," Senator Lynch-Staunton said "Hear, hear!"

Senator Lynch-Staunton: The sooner, the better.

Senator Frith: And let us treat the witnesses, in the words of the government, "fairly and responsively". This means approaching the hearings with an open mind and being prepared to respond to the concerns of the witnesses and not just to a government timetable.

Honourable senators, I wish to conclude by reading into the record a letter I received from Marcelle Dolment, Réseau d'action et d'information pour les femmes.

[*Translation*]

> Marcelle Dolment, Réseau d'action et d'information pour les femmes.
>
> Dear Sir:
>
> We would like to be heard before the Senate in the debate on Bill C-80 concerning the child tax benefit

intended to replace the universal family allowance system.

We have submitted a brief last summer, in the middle of July, a time of the year when almost every one is away on holiday and women are hardly available to examine such a major legislation because of family obligations and the little time afforded them to prepare a brief. We have had to scramble just to have it ready.

[*English*]

Senator Barootes: Would you entertain a question as to where that brief was presented in July when you told us the committee was not sitting?

Senator Frith: That is not what they said. They said:

[*Translation*]

We submitted a brief . . .

[*English*]

Certainly I can explain that. As with the other memoir that I referred to, they submitted it as a written brief, having had no opportunity to present it in the way in which they wanted. A very appropriate question.

[*Translation*]

We have had to scramble just to have it ready on such short notice, sacrificing many angles and nuances which would have been important in our argumentation. We are amazed at such an undemocratic procedure.

We hope that, as leader of the Opposition, you will be able to convey this to the committee in order to allow us to go to Ottawa before this bill fraught with consequences for women and children, especially those who live in problem families, is passed.

Thank you for your co-operation in this matter.

Sincerely,

[*English*]

Honourable senators, let us take her words to heart and do our job properly. This might turn out to be one of the final chapters of the work of the present Senate, but let all of us, government and opposition members alike, show that when we talk about a fair and responsive Senate, we mean what we say.

Some Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not intend at this stage to enter into a discussion of the substance of this bill. That has been done very capably by its sponsor, Senator Spivak. I will simply say in parentheses, however, that we have reason to believe that this measure has widespread support in the country precisely because it is better targeted to those in need. I rise for the purpose of saying a word about process, since the question of process in the House of Commons occupied so much of the attention of the Leader of the Opposition in his speech.

Honourable senators, we are now at second reading of Bill C-80. It is, I agree, an important piece of legislation. The agenda of the Senate is not very burdensome at the moment. There is only one other piece of major government business before us; that is Bill C-55, which tomorrow will be at report stage and heading for third reading.

Therefore, there is plenty of time to carry on the debate on second reading of Bill C-80 and I assure the honourable senator that the government has no intention whatsoever of trying to bring in a time limitation to curtail debate at second reading of this bill. We can sit evenings, we can sit Friday morning, we can sit all next week. There is plenty of time to hear from every senator, Liberal or Conservative, who wishes to be heard in the second reading debate on Bill C-80. Let me set the mind of the Leader of the Opposition to rest on that point. Everyone who wants to be heard at second reading of Bill C-80 can be heard. There is plenty of time.

Assuming that the bill receives second reading and goes to committee, it will go to the Committee on Social Affairs under our friend Senator Kinsella of New Brunswick.

I presume that after we have dealt with Bills C-55 and C-80 the Senate will adjourn and the committee will begin its consideration of Bill C-80. Committee members will not have attendance in the Senate chamber to distract them. They will be able to sit morning, noon and night for as long as it takes to deal properly with Bill C-80.

Senator Frith: And suiting the convenience of witnesses who might not be able to attend in series, 24 hours a day.

Senator Murray: Of course, but a witness who cannot attend in the morning can attend in the afternoon or possibly at night. The honourable senator, than whom there is none more courteous, will, I am sure, with the assistance of honourable senators, Liberal and Conservative, on the steering committee, want to hear a good cross-section of views from a good representation of witnesses who express an interest in coming forward. All of that can be done. If the bill is reported, then we will deal with it at third reading.

My point is that there is plenty of time to deal with the bill. The only thing that we in the government ask is that the Senate get on with it and deal with it. After the committee hearings have been held, I would expect to ask the Senate to return here to deal with the report stage and third reading.

I hope that will set at rest the mind of the honourable Leader of the Opposition and the minds of any others who may have feared that we were going to try to curtail debate on second reading of this bill. On the contrary, we look forward to hearing the contributions of other honourable senators on this bill and we will take whatever time is necessary to do so.

Senator Frith: Hear, hear! And we will certainly look forward to how the committee treats witnesses with regard to their convenience in attending, in a way that the House of Commons committee did not.

Hon. L. Norbert Thériault: Honourable senators, I will not bore you with a long speech. I am glad to hear the Leader

of the Government say that the committee will have ample time, under the chairmanship of our friend Senator Kinsella. I hope it is realized that this is not legislation that affects the powerful and the wealthy. Rather, it affects the very poor.

Senator Lynch-Staunton: Senator Murray is going to be cut off.

Senator Thériault: I thought you meant what you said, but perhaps you did not.

When the time comes—and I had hoped it would have been after the referendum, but if you are in that much of a hurry, fine—may I suggest that this committee not sit solely in Ottawa, if you want the people to believe that the committee is hearing from the poor and the oppressed, the people who are affected by this bill, because the poor people in my province will not come to Ottawa. I know that that does not bother you people over there.

I do not know who is listening to my suggestion, or who is for it or against it.

Senator Frith: We are for it.

Senator Thériault: I have made a suggestion which I hope the chairman of the committee will heed. Take it upon yourself, senator. Don't ask permission of the high-falutin' people over there, because they will not give it to you. If you just do it yourself, I know you will be doing a good job.

I believe the Leader of the Government suggested that the polls show that the Tories have the support of the majority of people. I am sure there were dozens of polls taken before you embarked on this legislation, but you do not always listen to the polls. If you did, you would resign and go to the people for an election.

I could not let a piece of legislation like Bill C-80 go by without making known my objection to it. I did not hear Senator Spivak, but I have respect for her social conscience. She has always expressed great concern for the poor, the environment and all those issues close to the people.

Senator Gigantès: When she votes, she votes for the blood-sucking capitalists on the other side.

Senator Thériault: I give credit to the government senators. They have learned to listen to their bosses. They vote as they are told. But that is another subject.

The fact is that Bill C-80 is not new. It is the continuation of a philosophy that this government espoused shortly after being elected. What is to be noted is that it is not the philosophy that Conservatives, under Brian Mulroney, preached before they were elected. If you read the speeches made during the campaign in 1983 and 1984 by the honourable Prime Minister, you will notice that very seldom did he make a speech without talking about the "sacred trust" of the universal programs.

When he was about to de-index the Old Age Pension, he met his match on the front lawn of Parliament Hill. He was told the truth and that time he at least had the wisdom to back away for a short time.

This kind of philosophy started with the clawback of the Old Age Pension. With every piece of social legislation they have passed since coming to power they have attacked and gradually destroyed the sacred trust of universal programs.

I believed the Prime Minister when he talked about the sacred trust, because in my opinion universality is a sacred trust. I thought the clawback of the Old Age Pension was bad. But this is worse, because this is virtually an abandonment of the truly poor people in this country. When the unemployment rate is 11.3 or 11.6 per cent, with almost 2 million people seeking work, the government is going to give $500 to those who are trying to get off the welfare rolls and go to work, but will give nothing to those who are stuck on the welfare rolls. Five hundred dollars for those who are trying to get up?

I urge the Leader of the Government to come to New Brunswick. I also urge him to go to Cape Breton, which he knows well. I ask him to take a look and make a short study, then answer the question: How many people will be successful in getting off the welfare role this year and next year? I say to him, very few.

Why discriminate? Why discriminate against those single mothers? As someone said, the philosophy of Dan Quayle is that family values entail having a father and a mother who take care of their kids. Is that your definition of family values? Or is it trying to provide for those who cannot provide for themselves?

Senator Murray: So you agree with targeting, then, do you? You do not agree with universality?

Senator Thériault: What did you say?

Senator Frith: Targeting. You know. That is when you take a gun and shoot somebody with it.

Senator Murray: You do not disagree with doing away with universality, I take it?

Senator Thériault: I do disagree. I do disagree with killing universality. Where is universality in this Bill C-80, as I just said, when you will give $500 extra to a certain class of poor but nothing to the others? Is that your kind of universality? It is not my kind of universality.

My kind of universality was making the Old Age Pension available to everyone who reached age 65. If that means we have to pay a little more in taxes, so what? Universality also involved the family allowance program that you have just destroyed here.

Tell me something: Why would a government embark on such a change in social policy when, at your best in the polls, you are at 20 per cent? Why, when you are, at the most, only 12 months away from an election? Why?

Senator Gigantès: Tory ideology, that is why.

Senator Thériault: That is right. I believe that your Tory radical philosophy against universal programming is telling you that you must do it before you are defeated or it will never be done. That is why.

There is also another reason: You may fool some of the people because of that first cheque in January, but I warn you, people are not easily fooled in 1992.

The government should also realize one other thing: Why are the people of this country so concerned? They are concerned because they have lost confidence. I have been talking with people who are 50 and 55 years old. They are working and they have decent jobs, but they are not spending. Why are they not spending? Because they are concerned that this government will change the system so that, when they reach 65, they will have no Old Age Pension. They are even concerned about their Canada Pension. They are concerned because your government has not kept its word. People are not spending because they have no confidence in you.

Senator Murray: There are members of the Senate receiving Family Allowance benefits. Do you think that is right?

Senator Thériault: I know what I am talking about when I speak of Family Allowance.

Senator Murray: There are members of the Senate receiving Family Allowance benefits. Do you think they should?

Senator Thériault: I live in a small community. I ran a small business. I knew whenever that day of the month arrived when the Family Allowance cheques were received by the mothers, because the mothers spent that money on their children. The Family Allowance was instituted as a mother's program, regardless of whether they were married or single.

Senator Murray: What difference does that make now?

Senator Thériault: The philosophy of this government is the same philosophy that started out in England under Thatcher, in the U.S.A. under Reagan and Bush, and in Canada under Mulroney. Are you surprised when we get reports, month after month, that people are not spending; that people are not buying? Who spends the money, generally speaking?

Senator Murray: There will be more for people with lower incomes.

Senator Thériault: I still cannot understand, after all the years of looking at these problems, why the big business people, the manufacturers, do not realize that if the middle and lower income people do not spend their money, the economy will go down. If they are not buying, the manufacturers will close down. Even the big business people will make less money. But, no! Instead it seems that there has been around for the last 20 years a philosophy that aims at preventing the poor from becoming a little better off and from having a few dollars more to spend.

This kind of legislation—not only this bill, but a number of bills which have been enacted by your government—is one of the reasons why it is taking so long to get out of this recession which really should be called a depression. If it were not for the social programs which were passed and enacted by the Liberal governments over the years, we would be in a real depression, not a recession. However, you do not seem to have given that much thought.

Senator Murray: I do not think you have read the bill.

Senator Thériault: This is bad legislation. I will finish my few remarks with this thought: It is a known fact that programs for the poor quickly become poor programs. Why is it that medicare is so popular? Because every one of us, even here in this chamber, have received some benefits from it. I am sure for a lot of us it would be easier, and cheaper perhaps, not to have medicare because we can afford to pay our doctors' bills and our hospital bills.

Why is medicare so popular? Because everyone benefits. Why was the universal Old Age Pension so popular? Because everyone benefitted from it. Why is the Family Allowance program—which you are destroying here—so popular? Because everyone in the country benefitted from it. I am telling you what is the end result when you have programs only for the poor.

Senator Murray: That is not progressive social policy, whatever you call it.

Senator Thériault: When government policy is only for the poor, what happens?

Senator Frith: Do you think some senators should not get medicare?

Senator Murray: I think some senators should not receive Family Allowance benefits.

Senator Frith: And should they also not get medicare?

Senator Murray: No, no. That is a totally different program.

Senator Frith: Why? You say they can afford to do without it, therefore they should not have it. And that is what you will do with medicare, too.

Let's just watch. They will do the same thing with medical care. It is a giveaway.

Senator Thériault: This is why I protest so loudly: Ten or twenty years down the road, after people have forgotten how bad this government was during its eight years in power, someone will come up with a program that says: We will reduce income taxes. They may even reduce the GST. You will not say why or how, but you will end up cutting off the Old Age Pensions completely if you follow this philosophy to its natural conclusion.

You say you prefer to give the money to the poor. Perhaps then the poor will become poorer once they reach 90. Perhaps you will grant people the Old Age Pension once they reach age 90. You certainly no longer have Family Allowance for every mother in this country.

Senator Murray: The rich will not get it. Senators will not get it.

Senator Thériault: Then the Conservative taxpayers of the country will say, no more of that, and we will be back where we were in the 1930's under the Tories and under the real Depression.

On motion of Senator Cools, debate adjourned.

ELECTORAL DISTRICT OF TIMISKAMING

BILL TO CHANGE NAME—SECOND READING

Hon. John Lynch-Staunton (Deputy Leader of the Government), moved the second reading of Bill C-351, to change the name of the electoral district of Timiskaming.

He said: Honourable senators, the purpose of this bill is to change the name of the riding of Timiskaming to Timiskaming-French River.

[*Translation*]

Hon. L. Norbert Thériault: Can you say it in French?

Senator Lynch-Staunton: Honourable senators, I don't know whether it was named after a Mr. French or whether we could say "rivière française". I have not yet looked into the matter.

Hon. Royce Frith (Leader of the Opposition): I suppose we could say "rivière des français".

Senator Lynch-Staunton: Right now, it is Timiskaming—French River, so maybe it was a Mr. French rather than . . .

[*English*]

In 1987, following redistribution, the riding's limits were changed significantly to include what is known as the Nickel Belt. This additional population is significantly different in location from the one in Timiskaming, and it was felt that the addition of the name "French River" would more fairly reflect the demographic composition of the riding.

[*Translation*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have just one question. If I am not mistaken, this region has a fairly high proportion of people who are French-speaking. Is there a proposal to add "rivière des français" or is this just the English version? If I am not mistaken the word "Timiskaming" comes from one of the aboriginal languages.

Senator Lynch-Staunton: In the French version, it says Timiskaming—French River, so I assume "French" indicates the name of a person, not a nationality.

Senator Hébert: We could say "Rivière French", in French.

[*English*]

Motion agreed to and bill read second time.

[Senator Murray.]

THIRD READING

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Owing to the simplicity of the bill, with leave of the Senate, I move third reading now.

The Hon. the Acting Speaker: Is leave granted?

Hon. Senators: Agreed.

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

Hon. M. Lorne Bonnell: Honourable senators, I just want to say that I agree with the bill. The reason I agree with the bill is that a good friend of mine, John MacDougall, represents that riding in the House of Commons. It is a matter of taking more territory into his riding. He wants the name changed so that both parts of the riding are represented in the constituency name. On behalf of John MacDougall, I want to say that we are in favour of the bill. John MacDougall happens to be a Cape Bretoner.

Motion agreed to and bill read third time and passed.

PRIVATE BILL

DAI al-MUTLAQ—BILL TO INCORPORATE—SECOND READING—DEBATE ADJOURNED

Hon. Norman K. Atkins, moved the second reading of Bill S-13, to incorporate the Dai al-Mutlaq as a corporation sole in Canada.

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

Hon. Philippe Deane Gigantès: No.

Hon. Eymard G. Corbin: Honourable senators, is the sponsor of the bill not going to give us some explanation about this group?

Senator Atkins: Honourable senators, I sense that members of this chamber are interested in an explanation of what Bill S-13 is all about.

Senator Frith: We set that up well for you didn't we.

Senator Atkins: The purpose of this bill is to grant a corporate charter to the holder of a religious office. The Dawoodi Bohra community represents a distinct denomination of Islam, to which there are over 1 million adherents in over 40 countries. The Dawoodi Bohra community is relatively new in Canada, immigration of adherents having commenced in the mid-1970s. Recently the Dawoodi Bohra community in Canada has completed the construction of a mosque and community centre in Richmond Hill, near my home in Markham. There are now over 1300 members of the community residing in Ontario, Quebec and Alberta who preserve and practice this religious belief, language and culture while integrating and assimilating with the greater multicultural fabric of Canada.

In particular, adherents of the community are required by their religious beliefs to be patriotic and loyal to their adopted nation and to participate in its economic, cultural and educational development. Adherents in Canada enthusiastically practise these beliefs.

The Dawoodi Bohra in Canada are mostly professionals, middle managers and small businessmen. They are known as industrious and peace-loving citizens and they strive to implant these qualities in their children. While learning and preserving the community's traditional language through heritage language programs, the children also attend public schools and universities and actively participate in the milieu of Canadian life. Thus, the Dawoodi Bohras in Canada represent a harmonious source of community traditions within the rich blend of Canadian society.

In common with all muslims, the Dawoodi Bohra community affirms the oneness of Allah, follows the Prophet Mohammed and reveres the Quaran. Various denominations arose in Islam after the death of the Prophet Mohammed. The Dawoodi Bohra community is identified as the Shia Fatimi Ismaili Tayyiti Dawoodi denomination of Islam.

Senator Molgat: Would you say that again?

Senator Hébert: Slowly please.

Senator Atkins: The word "Bohra" means traders and has become attached to the name of the community because of the members' historical tradition of being engaged in commercial trade.

The Dawoodi Bohra community believes that its religious leader, the Dai al-Mutlaq, is the representative of the Imam, the direct descendant of the Prophet, during the period while Imam is in seclusion. The Dai al-Mutlaq, in his capacity as religious leader of the Dawoodi Bohra community, is responsible for the spiritual and religious needs as well as for the administration, management and control of the religious property, affairs and interests of the denomination. Each Dai al-Mutlaq during his life appoints a successor by a special act of designation. The current Dai al-Mutlaq, His Holiness Dr. Syedna Mohammed Burhanuddin, is the fifty-second incumbent in an unbroken chain of succession which has spanned over 800 years.

The bill before you would constitute the Dai-Mutlaq as a corporation sole to be known as "Dawat-e'Hadiyah (Canada)". A corporation sole, as senators who are lawyers will know —

Senator Frith: Since we are talking religion maybe you should spell sole: s-o-l-e.

Senator Atkins: Yes, s-o-l-e. As senators who are lawyers will know, a corporation sole is a corporation consisting of one person only, usually a person of high office, who together with his successors in office is incorporated by law. In this way, the officer obtains the legal capacities and benefits of a corporation which, as a natural person, he would not otherwise enjoy.

One particular advantage is that of the continued existence of a corporation over the lifetimes of many successors in office, without the requirement that religious property held by the office holder be specifically conveyed.

It is important to emphasize that the incorporation of the office of the Dai al-Mutlaq would not give the holder of the office any status, rights or privileges in relation to the Dawoodi Bohra Community that the holder does not otherwise have.

Because the Dawoodi Bohra Community includes adherents throughout Canada, it is desirable that the corporation sole be incorporated by Canada rather than by one or other of the provinces. As neither of the two federal statutes of a general enabling nature that govern the creation of corporations, namely, the Canada Corporations Act and the Canada Business Corporations Act, provides for the creation of a corporate sole, it appeared necessary for the Dai al-Mutlaq to petition Parliament for a private act.

I trust this explains to honourable senators the purpose of Bill S-13, and that the bill will receive support in this place.

Hon. Philippe Deane Gigantès: Honourable senators, I rise to oppose this bill.

Senator Barootes: This is not Opus Dei.

Senator Gigantès: This is Opus Dei. This is exactly parallel and identical to what we were asked to do for Opus Dei and we rejected it on the grounds that it could do whatever it had to do by being accredited provincially.

Opus Dei was functioning perfectly well, accredited as it was in various provinces, and through a similar bill it came to the Senate to push for its accreditation as a corporation sole. The reason given for the application was that it was for the prestige. This organization has learned that lesson and has not given that as the reason.

I do not see why we should do for this sect of admirable traders and good citizens—bless them—what we refused to do for Opus Dei. In principle, I do not think that we should mix government and religion. The Parliament of Canada should be conferring as little as possible. Any further encroachment of religion upon the political process of Canada should be resisted.

This organization has no need for this accreditation. It can function perfectly well with provincial accreditation. Therefore, I am opposed to this bill.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have spoken to Senator Atkins about this bill. He gave me his reading notes and we discussed it before the bill was prepared in its final form. I had not made the connection or the analogy with Opus Dei until Senator Gigantès mentioned it to me earlier today. We must look into that aspect, and I will adjourn the debate in the meantime.

Senator Murray: Honourable senators, just let me say one word about this matter. Because of the same type of discussions that Senator Frith referred to, I was aware that this bill

was coming forward. However, I have not formed a final opinion on it. Senator Atkins is bringing the bill forward because obviously he supports it, but also because our view is that organizations such as this have a right to petition Parliament.

I am aware that there may be some opposition in various parts of the country to the bill. Those people who oppose it or who have reservations or who wish to ask questions can come before the committee and ask their questions and make their representations, at which point the committee—and ultimately the Senate—would decide.

This is not a government bill, but I thank Senator Atkins for having brought it forward on behalf of the citizens who wish to exercise their right to petition Parliament on this matter. I take it that that is the attitude and the spirit in which Senator Frith also approaches the bill.

Senator Frith: Yes. That is why I suggest we adjourn the debate. The objection that Senator Gigantès has expressed seems to be an objection in principle. I agree that most of the problems, if any, could be looked after in the committee. I am not even suggesting there are problems of a type that the committee could or should look after, but his objection seems to be that the principle underlying this bill is the same as the principle involved in the Opus Dei situation. I am not satisfied that it is. I am not saying that it is not. However, Senator Gigantès has, quite rightly, raised the issue and therefore we should look into it to determine whether that principle is or is not engaged by the bill.

Hon. Eymard G. Corbin: Honourable senators, since it has been decided by the house to allow debate after Senator Frith moved adjournment of the debate, I would like to say a word.

As one who opposed the incorporation of Opus Dei as a corporation sole, I want to be given sufficient time, as do other senators, to look into this matter. I do not want to have to go to a committee unprepared. Second reading is an important stage of any legislation, whether it is run by a private source or a public initiative.

I certainly want to look a little more closely at this institution. I listened attentively and with great interest to what Senator Atkins had to say. He did not say that time was of the essence, for one thing. I do not see why we should be pressured into having the bill go to committee at this time. If it is a good request, and if the request for incorporation as a corporation sole is justified, then it will stand the test of Senate scrutiny at all stages of the legislation.

Therefore, I do not wish to say anything more at this stage. I intend to speak on second reading. I only wished to put those comments on the record so that everyone is well informed of the fact that I intend to participate as the debate progresses in the future.

[Senator Murray.]

On motion of Senator Frith, debate adjourned.

• (1700)

RAILWAYS

PROPOSED SALE OF RAIL LINES—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Graham, calling the attention of the Senate to the ramifications of the sale or proposed sale of certain rail lines in Canada.—(*Honourable Senator Corbin*)

Hon. Eymard G. Corbin: Honourable senators, I propose to have this motion stand, but please allow me to bring to your attention—it may be of interest to a number of you—that it was 40 years ago today that the Honourable Louis Robichaud entered the political life of New Brunswick by being elected as a member of the Legislative Assembly for the first time for one of the Kent County ridings.

Order stands.

THE ECONOMY

MISMANAGEMENT OF MONETARY POLICY—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Olson, P.C., calling the attention of the Senate to the Government's mismanagement of the economy and particularly monetary policy.—(*Honourable Senator Olson, P.C.*).

Hon. H.A. Olson: Honourable senators, in the last few days there has been a remarkable monetary change, in that there has been what could be called a run on the Canadian dollar. The Honourable Minister, the Leader of the Government, tells us that that situation has changed and the Canadian dollar has recovered quite a lot of its value just in the last few hours. That may or may not be right, but I accept his explanation until and unless we hear differently. However, we do not know what the market will do tomorrow.

The last time there was a problem with respect to the economy and monetary policy, the argument was made that the dollar was going down. It got down to the low 70 cents. I believe it even went slightly under 70 cents once.

The problem then was that this government and the Governor of the Bank began a program of raising interest rates. The argument they gave was that there was going to be inflation. Of course we know that if the dollar goes down somewhat, all of the imports into Canada of whatever nature, and by the way, they are significant, will cost a little more. I suppose the measurement of inflation will begin to rise. No one disagrees that that is probably the consequence.

What I am afraid of now is that the government and the Governor of the Bank of Canada, Mr. John Crow, will start using the kind of tactics they used the last time this happened, which was only a few years ago; those tactics drove prime

interest rates up to 14.75. As a consequence, the devastation in the part of Canada I come from, when both the grain growers and the oil and gas industry were already having problems, was really terrible.

As we know, the interest rate most people pay is a floating rate. There are no fixed rates—well, there may be a few now. I guess you can get some mortgages now for a year or two, or maybe even up to five years on some fixed rates. I would not like someone to come along and challenge me on that. If you want to pay enough, you might even be able to get some longer terms than that, but it would be up around 10 per cent. A one-year floating mortgage or even one for six months is down to less than 6 per cent. The cost of going for a fixed rate is enormous.

My purpose today is to try to persuade the government that for them to repeat what they did the last time is absolutely unacceptable in Canada.

I do not want to be mean about this, but you know that the Minister of Finance at the time, Minister Wilson, claimed—even bragged —that the government had deliberately set out on a program to kill inflation. They created this kind of economic and monetary policy in Canada because they were going to get inflation down.

Honourable senators, you know what they are up to now. The minister said earlier today that they had made a joint announcement with the Governor of the Bank of Canada—I don't know why they would be doing it jointly with him since they are responsible for what he does anyway. We have to keep going back to that.

There was a dispute between the government and the governor of the bank once about 30 years ago when Mr. Diefenbaker was the Prime Minister, and they fired him. We went through all the motions. He got to the Senate here. He wanted a platform. I was around here then, you know. He wanted a platform so he could at least have an opportunity to say what he wanted to say about that situation. The Senate allowed the then Governor of the Bank of Canada to have his say. As soon as he did that, he resigned. Senator Barootes is old enough to remember that, I am pretty sure.

Senator Barootes: I remember it very well.

Senator Olson: I think he can remember that.

Senator Barootes: It was an everlasting disgrace, I remember.

Senator Olson: Listen to this: "everlasting disgrace". The biggest disgrace the people of Canada have known in the past few years is the brutal and ruthless way this government has treated a whole lot of people in Western Canada with its monetary policy. That will be to your disgrace for as long as you are here, and I will tell you why. This generation will never vote Tory again. They got caught in what you did to them when the economy was bad enough anyway.

Senator Barootes: May I ask you a question, Senator Olson, on that subject?

Senator Olson: Any time.

Senator Barootes: You have always favoured low interest rates, low inflation, and a low Canadian dollar.

Senator Olson: Reasonable interest rates.

Senator Barootes: These terrible things that the Bank of Canada has done have resulted in an inflation rate of 1.3 per cent and the lowest interest rates we have had in 20 years,

Senator Frith: And the highest rate of unemployment; the highest rate of bankruptcies.

Senator Barootes: And a low Canadian dollar which helps our exports. What is it that you are complaining about? Are you complaining about the 22 per cent interest rates that you had?

Some Hon. Senators: Jobs, jobs, jobs!

Senator Olson: Senator Barootes must have something wrong with his hearing, because I just said to him that I am afraid of what the government is going to do now. You have a reputation.

Senator Barootes: You are worried about the future.

Senator Olson: You bet I am, and there are a lot of people in this country who are worried about the future of this country. They are so worried about the future that they do not spend money. The government keeps wondering why the economy does not pick up. It is because anyone in this country who has any opportunity to increase the spending in retail, which is where it has to start, is not doing it. You do not you understand that. That is part of the economic necessity of getting an upturn in the economy.

I know thousands and thousands of people in the part of Canada I come from who are just as worried as I am, and maybe a little bit more worried, because this governments has stated—I was just getting into that when I was so rudely interrupted by your speech.

Senator Barootes: I apologize for interrupting. I did not realize you were saying anything. Now, may I ask you another question?

Senator Olson: No, you cannot. There is no use in taking any questions from Senator Barootes because he does not ask any questions. He gets up and makes a speech about something that happened ten years ago. He never asks any questions. I would really like you to make a speech about it after I am finished.

As I was saying, the fact is that there has been what they call a joint statement by the government and the governor of the bank that they are going to beat inflation down to 2 per cent. They got there. I will acknowledge that, but I want to tell you that the price was too high. We have the highest bankruptcy rates in the world.

Do you think those people have just gone away? Do you think they are just statistics? They have gone bankrupt, and businesses have closed up.

• (1710)

Do you know where those people are today? They are still out there. They do not want this government to repeat that kind of performance. In fact, if honourable senators think we have had trouble with the Constitution and all that, they have not seen anything yet. In all sincerity, I say to this government that if it embarks deliberately on a monetary policy such as it did a few years ago and again cause distress to and the bankruptcy of so many people, we will have more trouble in this country than we have ever seen before.

It seems we are now to have a change. We are supposed to be having some kind of a constitutional crisis that is hurting the economy . We now have a Charlottetown package. Western Canadians, in particular those in the province from which I come, really believe they got shafted on that one. We are worse off than we were. Nothing important was dealt with in this constitutional crisis; absolutely nothing was done about the commonwealth of Canada so that trade can be initiated or free flowing between the provinces.

Where is the crisis? The one thing that we know is that Ontario and Quebec will get about 36 more members in the House of Commons and that Western Canada, and in particular Alberta and British Columbia, will not. Thus we will be worse off under this package. It is a net loss in so far as having influence in the Parliament of Canada is concerned.

In case some have not heard, Mr. Getty resigned a few days after he got back to Alberta. Do you want to know why, honourable senators? I talked to some people in Edmonton. He went to his caucus and they told him, "We're not buying it. You sold out. Maybe Bourassa out-negotiated you." I do not know what happened. Alberta is worse off than it was before, yet he comes back bragging, "I finally got a Triple-E Senate. There will be some regional balance in this country from now on."

Honourable senators, Mr. Getty found out in very short order that the people of Alberta are not that stupid. He can go out there and say that it will be better, but it will not. It will be worse.

Honourable senators should think about this: Western Canada has grown up a little bit since 1867. Since that time, there has not been any constitutional change that recognizes regional interests in this country.

If we enter into this agreement, we will have same the kind of problem as we had before, that problem being that the agreement cannot be changed because of the amending formula. It is now contained in that agreement that we cannot change any federal institutions without the unanimous consent of all the provinces. The people of Western Canada do not like it. In fact, they resent it, and they resent Premier Getty for negotiating such an agreement.

[Senator Olson.]

The Honourable Joe Clark came out west and said, "It isn't perfect, but we worked hard on it for a long time. It is probably the best we could get." He shook his fist a bit and said, "But you better vote 'yes' for it, or else." Or else what, honourable senators? What is the "or else"? Or else it is the last chance for Canada? If this kind of shafting of Western Canadians is to go on, I am not so sure they want any more of Canada.

Hon. Lowell Murray (Leader of the Government): I draw the attention of the honourable senator to the fact that he is speaking to his inquiry which is supposed to be dealing with the economy, and in particular, the monetary policy. He gave notice earlier today of his inquiry regarding the Constitution. I understood he would debate that inquiry on Thursday.

Senator Olson: It is the last chance to save Canada, which is what the Honourable Joe Clark came out to tell us in Western Canada. Do you know what else he said? He said that we must get this Constitution stuff behind us before we can work on the economy. Is that not like being able to walk and chew gum at the same time? Can you not do things about the economy while you are trying to fix the Constitution?

Senator Murray: We are.

Senator Olson: That is the kind of garbage that is being passed around Alberta by the leaders of this government. The people of Alberta are getting sick and tired of it. I talked to a great many people out there over the weekend. My phone was buzzing. I do not care who is in power, I know that those people are just smarting, seething with anger. Representing the province of Alberta we have the Honourable Joe Clark, who was the Secretary of State for External Affairs and who is now responsible for the Constitution, the Honourable Don Mazankowski, who is the Minister of Finance, and the House Leader, Mr. Harvie Andre, who are all in senior positions in this government. Yet, Alberta gets shafted for what they do—what a great country we have!

Senator Murray: Are you voting "no" in the referendum?

Senator Olson: I am tempted to vote "no" and I may encourage everyone else to vote "no". I think it is wrong for Canada.

The Hon. the Acting Speaker: Honourable senators, I wish to inform the honourable senator that his time has expired.

Senator Olson: Honourable senators, I ask leave to have but a few more minutes to finish my remarks.

The Hon. the Acting Speaker: Is it agreed?

Hon. Senators: Agreed.

Senator Olson: Everyone admits that this constitutional package is not perfect. What they really mean is that it is not worth a damn to anyone. Honourable senators, why not get it right before we pass it?

Senator Lynch-Staunton: You should have thought of that in 1982.

Senator Olson: We thought about it in 1982. I want to tell you something about the lies that the Prime Minister of this country has perpetuated across this country respecting what happened in 1982. It is a disgrace that I hope he will carry to his grave. What he says happened in 1982 is that somehow Quebec was left out. That is simply not true. I was there. Who else was there? A man by the name of Pierre Elliott Trudeau who has said just this week that what the Prime Minister is saying about all of that is a damned lie. It is not true.

Senator Barootes: That is pretty strong language.

Senator Olson: That is pretty good language. It was meant to be at least as strong as it sounded.

Senator Barootes: It is not very parliamentary to call people liars.

Senator Olson: I did not say he was a liar. I said the statement he made was a damned lie. That is what I said.

Senator Barootes: It is the same thing.

Senator Olson: No, it is not the same thing. I refer the honourable senator to a debate that took place in November of 1957 when this subject was debated to the point where it was determined that there was a difference. It is an important enough difference that it becomes parliamentary. Perhaps the honourable senator should look that up. It would perhaps assist his view of what is parliamentary and what is not.

Senator Murray: This is on monetary policy, is it?

Senator Olson: Yes, monetary policy. What my inquiry states is that your government has made a mess of governing Canada, does it not?

Senator Murray: Not quite.

Senator Olson: It states:

> . . . calling the attention of the Senate to the Government's mismanagement of the economy and particularly monetary policy.

That is true.

I wish to caution honourable senators that we will have far more serious trouble in this country than they might think if they continue to treat Western Canada, and in particular Alberta and British Columbia, in that manner. You should be joining the other side of this debate in this referendum or there will be another, more serious "or else".

• (1720)

Senator Murray: We had that vote while you were in Geneva.

Senator Olson: I know you had that vote. I am telling you what I found out since I came back from Geneva. By the way, I will make another speech before long about what I heard in Geneva. You might not like that, although it is far more encouraging than what you have been saying to me lately.

I want to thank honourable senators for their indulgence in giving me a little more time to speak on this matter, but I want you to know that we are walking on very dangerous ground. With all of the goodwill that Western Canadians have shown towards Canadians in the rest of the country, this situation is becoming just a little more than they can swallow. Be careful.

Hon. Senators: Hear, hear!

The Hon. the Acting Speaker: If no other senator wishes to speak on this subject, this inquiry is considered debated.

AGRICULTURE

COMMITTEE AUTHORIZED TO CONDUCT STUDY

Hon. Efstathios William Barootes, pursuant to notice of September 16, 1992, moved:

> That the Standing Senate Committee on Agriculture and Forestry be authorized to undertake a special study on farm safety and farm related health issues.

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

Hon. Gildas L. Molgat: Could we have an explanation, please.

Senator Barootes: I thank you, honourable senators, for the opportunity to explain the reason for this motion.

Farming is one of the most dangerous occupations in Canada. According to Dr. James Dosman, Director of the Centre for Agricultural Medicine at the University of Saskatchewan,

> More farmers are killed each year than miners; they are just not all in the same place at the same time.

The fatality rate on farms is thought to be higher than in the construction industry, and involves, unfortunately, a proportionately higher percentage of young and elderly people.

Hazards on the farm arise from a number of sources and can result in risk to physical health and even death. Chemical use on the farm, both fertilizers and pesticides, are a hazard if improperly used or stored, or used without the proper protective equipment.

Machinery represents another hazard, since most fatal injuries are thought to arise from machinery use. This situation exists despite design changes that have resulted, for example, in roll-over protection and other changes to power takeoffs.

Further, noise is a factor associated with the operation of farm machinery and is a major cause of hearing impairment associated with intensive animal husbandry.

Waste collection disposal is another area of concern, given the accumulation of toxic gases.

Well-designed containment systems for livestock could reduce the risk to the farmer associated with being trapped between his animal and the side of a barn or the side of a stock cage. Facilities could be designed to avoid this.

Grain workers in elevators and elsewhere are known to be at considerable risk due to grain dust which leads to lung disease.

Finally—and Senator Olson has often spoken of this—the deteriorating financial situation in the agricultural industry and the stress that results therefrom is leading to a poor mental and emotional health situation among farmers and their families. In some cases, this stress has resulted in suicide, marital breakdown, substance abuse and family violence.

Unfortunately, honourable senators, national data and Canada-wide information are lacking on these many hazards and the extent to which they lead to fatalities, injuries and illnesses. While there appears to be some research into a number of the areas, the research does not appear to be coordinated nor the results widely disseminated to bring the educational value of these matters to the attention of our farm communities. We need to know more about pesticides. We need to know more about herbicides as well as other chemicals, and the dangers they cause. We need to know more about protective equipment, and to have advice and training in their correct use passed on to farmers. We need to do more in the way of training and protection in relation to farm machinery. Also important is an examination of noise and the dust hazard for grain handlers. Finally, the effects of emotional stress must be alleviated. These could be lessened in an effort to reduce the mental and emotional breakdown that is experienced by many farm families.

Our committee study could contribute to increasing awareness of the problems both within the farming and the rural communities as well as among the general public, and could lead to a national collation and collection of information. The knowledge gleaned thereby into the causes of these injuries and health hazards could then be passed on to the farm communities. This could help us develop a reasonable, decent research system that would lead to preventive measures for the betterment of health in our farm communities.

I thank honourable senators for their attention, and to our committee for making this request.

Senator Molgat: Would Senator Barootes permit a question?

Senator Barootes: Certainly.

Senator Molgat: Could you tell us how long you expect this inquiry to last, and whether it is the intention of the committee to travel? In order to gather the views of farmers in Western Canada, you would have to be there on the scene and make a proper assessment.

Senator Barootes: Honourable senator, this is true. We do intend to travel. In June of this year, however, some committee members attended an international symposium on occupational health in Regina, and then had a follow-up with farm members and associated government agencies. At that time we gleaned some information, and with that information in hand, we intend to bring to the committee people who have specific and particular knowledge, and then thereafter travel perhaps to Western Canada.

More important, we wish to travel to two areas in the United States, one at Davis, California, and one at Iowa City, Iowa, where two centres of the type I have discussed today have been set up to collate and collect national information and to do research for all of the United States. That is the type of travel that we would like to undertake.

As to the time element, I think the committee will require perhaps a year or more to collect the necessary information and to bring in a decent report for the consideration of this chamber.

Senator Bosa: What about the budget?

Hon. H.A. Olson: As seconder of the motion, I want to say that I attended some of the discussions and meetings to which Senator Barootes referred. I endorse what he has had to say about the motion.

Senator Molgat: Honourable senators, in view of the very high level of the seconder that Senator Barootes was able to obtain, I find it difficult to oppose the motion, and I do not intend to do so. This is an area that indeed requires study.

When Senator Barootes first started to speak, I was concerned that the committee would look only at the mechanical problems of power takeoffs and other such difficulties. I was heartened when he said that they would look at what is an increasing problem, and that is stress. Quite obviously, the stress is not only on the farmer himself; the stress is very much on the farmer's family, the wife and the children. I would hope that the committee, in its study, will not limit itself purely to the farmer. The question relates to all of the problems of the farm family, and it ought to be studied.

At the University of Saskatchewan, work has been done on this problem. Will people from that area be asked to appear before the committee? Will they be involved in the committee's work? Whatever has been done in that regard ought to be incorporated as quickly as possible.

I am interested in hearing that the committee will be looking at some of the work done in the United States. However, I believe there has also been some Canadian work which we should not overlook. I am prepared to support the motion.

Senator Barootes: Thank you. Your statement was very well made and your question was very well put. Indeed, one of the first witnesses we intend to call is Dr. Jim Dosman from this centre in Saskatoon which has been operating for six or eight years. They have developed a considerable amount of information of a local nature. We also want to see what happens in Prince Edward Island with potato farming, in Ontario with corn farming, in Quebec with dairy farming and in Saskatchewan and Alberta with stock and grain farming.

You are quite right when you say that the stress on families is far greater than we have realized in the past. At meetings we attended we saw tears rolling down the faces of people as

[Senator Barootes.]

they made almost desperate attempts to tell us of the problems their families have been facing these last few years.

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

Motion agreed to.

The Senate adjourned until Wednesday, September 23, 1992, at 2:00 p.m.

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THE SENATE

Wednesday, September 23, 1992

The Senate met at 2.00 p.m., Senator Gérald J. Comeau, Acting Speaker, in the Chair.

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, there are 58 days left for the democrats and 454 days for the contemptuous ones.

DAI AL-MUTLAQ

OPPOSITION TO BILL TO INCORPORATE

Hon. Philippe Deane Gigantès: Honourable senators, yesterday we had a bill presented to us by the Honourable Senator Atkins to provide a corporation sole for the Dai al-Mutlaq. I would like to read a copy of a letter that I have received which was addressed to Mr. William Charles Winegard, one of the government's ministers, which states:

> I would very much appreciate to receive the information regarding the application for private act to incorporate the Dai al-Mutlaq as a corporation sole as published in the *Globe and Mail* (the copy enclosed).
>
> I would like to know as to why someone would make such application and what would be the purpose and intent of that. How it would affect the community as a whole and the individual members of the community who are citizens of Canada.
>
> I also would like to know what steps as an individual I can take to oppose this application if it is going to be detrimental to our well being.
>
> Dai al-Mutlaq who resides in Bombay, India has over the years exploited, blackmailed, outcasted the individuals from the community and carried out religious castration of the members who have not acceded to his unending demands, especially monetary.
>
> I am afraid if this application is going to worsen our situation. If it is, then I like many others would like to take steps to oppose it.
>
> I would appreciate your early reply.

Some time ago, when Dai al-Mutlaq wanted to visit some members of his community in Kenya, the Government of Kenya barred him because the community was so divided over his acts and his reputation.

Perhaps the Leader of the Government in the Senate should ask his friend, who is the lawyer for this person, to perhaps reconsider being associated with a man like this.

Hon. Lowell Murray (Leader of the Government): Honourable senators, it is not my custom to participate during the period that is reserved for Senators' Statements, but I think I should make a point or two in respect to the intervention we have just heard from Senator Gigantès.

The first point that I wish to make, since he brought my name into it, is that in my view, and I believe I am supported by the authorities, including *Beauchesne's*, Canadian citizens have a right to petition Parliament in the way this group has petitioned us. As I said yesterday, I have come to no final conclusion on the substance of the matter. I have not even come to any preliminary conclusion as to the substance of the matter.

I am, however, certain that they have a right to petition Parliament in the way they have and, as I did yesterday, I thank Senator Atkins for having brought the matter forward.

This brings me to my second point. The arguments advanced by Senator Gigantès on behalf of someone who wrote a letter to a minister would be better put forward, it seems to me, in the course of the debate which Senator Frith adjourned yesterday and which will be resumed later today, tomorrow or at the first opportunity. He will have an opportunity to express his views and his correspondent will have an opportunity—and I hope Senator Gigantès will so advise his correspondent—to come to the committee and to make representations and ask questions about the application.

I do not think we should allow our views, or the views of anyone else, to colour the process and to interfere with the undoubted right of these people and other Canadian citizens to petition Parliament from time to time.

Senator Gigantès: Would the Leader of the Government permit a question on this?

Senator Murray: I suggest we take it up in debate.

ROUTINE PROCEEDINGS

EXCISE TAX ACT

BILL TO AMEND—FIRST READING

Hon. Royce Frith (Leader of the Opposition) presented Bill S-14, to amend the Excise Tax Act.

Bill read first time.

The Hon. the Acting Speaker: When shall this bill be read the second time?

On motion of Senator Frith, bill placed on the Orders of the Day for second reading on Friday next, September 25, 1992.

[*Traduction*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 189 residents of the Northwest Territories who object to the goods and services tax.

Most of these petitions come from Spence Bay, Yellowknife and Gjoa Haven.

Honourable senators, I have the honour to present petitions signed by 505 residents of Saskatchewan who object to the goods and services tax.

Most of these petitions come from Nipawin, Regina, Indian Head, Prince Albert, Battleford, Cochin, Elrose, Swift Current, Carrot River, Duck Lake and La Ronge.

Honourable senators, I have the honour to present petitions signed by 509 residents of Alberta who object to the goods and services tax.

Most of these petitions come from Calgary, Okotoks and Banff.

Finally, I have the honour to present petitions signed by 520 residents of Nova Scotia who object to the goods and services tax.

Most of these petitions come from Sydney, Inverness, Port Hastings, Troy, Dartmouth, Margaree Valley, Port Hawkesbury, New Glasgow, Chéticamp, Petit De Grat, Arichat, Pictou, Cleveland, Grantville and Evanston.

[*English*]

There is a grand total of 1,723 fed-up Canadian citizens who have had their fill of nearsighted and mean-spirited taxes such as the GST. Incidentally, for Senator Murray's information —

Senator Simard: Is this in the petition?

Senator Hébert: I am answering —

Senator Simard: Just read the wishes of the petitioners. We do not want to hear that.

Senator Hébert: He does not want to hear what the people have to say. Incidentally, for Senator Murray's information, this petition is hot off the press. I know that Senator Simard does not want Senator Murray to listen to me or to hear an answer to a question he was asking me yesterday about the dates. This petition is dated August 5, 1992, less than 50 days ago.

QUESTION PERIOD

AGRICULTURE

WESTERN GRAIN CROP—ASSESSMENT OF STORM DAMAGE—GOVERNMENT ACTION

● (1410)

Hon. H.A. Olson: Honourable senators, yesterday, I asked the Leader of the Government if any action had been initiated to assess the damage done to the grain crop in Western Canada.

In reply to that simple question, the minister recited a whole list of programs that were available early this spring. I am happy to say that the Prime Minister was in Saskatchewan yesterday. A newspaper article about his visit states:

> After a meeting with Saskatchewan farmers, Mulroney said the federal government may have to put an emergency aid package in place for the province's farmers similar to that given Newfoundland fishermen earlier this summer.

The Prime Minister is quoted as having said:

> For me to satisfy the purists and say I can't deal with the problem of the farmers of Saskatchewan because I might offend the sensitivities of some political commentators, this is not really serious.
>
> We will deal with problems that are there, problems that are urgent.

Will the minister be more forthcoming today and tell us whether or not there is to be some sort of program? My question is simple. Is anything being done to assess this situation? Will the minister be as forthcoming as the Prime Minister was and say that something might be done about it? Or will he just say, "If you didn't apply before May, you get nothing," which is what he said yesterday.

Hon. Lowell Murray (Leader of the Government): Honourable senators, with regard to that last comment, let me repeat that those farmers who choose not to have crop insurance make a business decision based on their own long-term production and financial situations.

With regard to the statement of the Prime Minister yesterday, as he indicated, the crop situation is being monitored closely as the harvest progresses.

Senator Olson: That is not what the Prime Minister said. According to the quotation I read, he said that he will put in an emergency aid program, regardless of what the purists have to say. I do not know whether the Honourable Senator Murray is a purist or not.

Can the government leader not be forthcoming and tell us a little bit of what they are doing and how they are doing it so that the people who will be affected by any sympathy from

this government will know what will happen? Or will the minister keep on saying, "If you didn't buy the programs that were available early in the spring, we are not promising anything else." At least the Prime Minister raises some hope.

Senator Murray: What the Right Honourable the Prime Minister has said, and it should be obvious to the honourable senator, is that we would do in the future what we have done in the past—that is, respond to any need in the farm community in Western Canada. That is our record and no one knows it better than the farmers.

Senator Olson: The minister could have saved a lot of time if he had said that yesterday, instead of dismissing it by saying, "You should have bought the programs that were there, or else."

COST OF CROP LOSSES—FEDERAL-PROVINCIAL APPORTIONMENT

Hon. H.A. Olson: Honourable senators, I wish to ask another, related question. Will there be any change in the reduction of cost factors to both the federal and provincial governments? It seems that it will cost the Saskatchewan farmers some $300 million to save $24 million from the provincial treasury. Do you have any interest in trying to fix that?

Senator Murray: Honourable senators, that is the sort of question which I should relay to my colleague the Minister of Agriculture and report back.

Senator Olson: The Minister of Agriculture is already aware of the situation. You do not need to refer the matter to him because he has already tried to persuade the Saskatchewan government that they are doing a great disservice to the farmers by their actions. I want to know whether or not the government will intervene on this matter. Even the farmers sometimes need to be protected from the provincial governments.

SOCIAL AFFAIRS

APPLICATION OF PRINCIPLE OF UNIVERSALITY—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition in the Government): I have a question for the Leader of the Government in the Senate concerning something he said yesterday during Senator Thériault's speech on Bill C-80. He indicated at that time that senators should not receive Family Allowance benefits, presumably, it appeared, because senators are employed and receive a paycheque.

Extending that logic, I then asked Senator Murray if senators should also not benefit from medicare, since they are employed and receive a paycheque. His response was that Family Allowance and medicare are two totally different programs.

Honourable senators, I agree that they *are* two totally different programs. However, they are both based on the same principle; namely, universality.

[Senator Olson.]

Senator Murray has made it clear that Family Allowance benefits should not be universal. That is reflected in Bill C-80. Therefore if he is attacking that principle in this program, can we not reasonably assume that he will attack the same principle in medicare?

My question is: If you do not believe in preserving the principle of universality as it relates to Family Allowance benefits, why do you expect us and the people of Canada to believe that you will preserve that principle in relation to medicare?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I do not think I can improve on the statement I made in the course of the debate yesterday.

Senator Frith: To tell you the truth, I did not think you were capable of improving on it either. I did, however, think it fair to give you a chance.

THE ECONOMY

FEDERAL-PROVINCIAL ARRANGEMENTS—PROPOSED SHARED-COST AGREEMENT—EFFECT ON REFERENDUM VOTE

Hon. Royce Frith (Leader of the Opposition): My next question relates to capital spending and infrastructure. In last Saturday's Toronto *Star*, an article appeared concerning the government's plan to spur the economy. That article said:

> Prime Minister Brian Mulroney is expected to announce the mammoth capital-spending program during the referendum campaign to boost the Yes side before the Oct. 26 vote.
>
> Ottawa would spend $1.5 billion a year and the provinces $1 billion, under a proposed shared-cost agreement between the two levels of government.

Much of that is to be targeted to upgrading our national highways.

That program sounds stunningly similar to the infrastructure improvements Mr. Chrétien has been calling for over the past few months. To give you an example, in a press release dated June 8, Mr. Chrétien repeated his call for a shared-cost infrastructure program among the three levels of government. He said:

> The physical infrastructure of our towns and cities—the roads and bridges and sewers—is literally falling apart . . . Capital improvements are desperately needed now, and so are the jobs and economic activity that would go with them.

Senator Simard: Senator Frith —

Senator Frith: I was not asking you a question, sir, but if you want to interrupt, I will repeat it as soon as you are through.

• (1420)

Honourable senators, under our new rules, we have a limited time for Question Period. Because the clock is watched and the interventions are monitored, when someone asks a

question during Question Period and is interrupted with mumblings or other forms of interruption by another senator, the time taken for the interruption should not be at the expense of the questioner. Question Period is a time allocated to the opposition, essentially —

Senator Barootes: Not necessarily the opposition!

Senator Frith: I could not even, for example, get the word "essentially" out before Senator Barootes interrupted. I will say it again, probably not without interruption.

Question Period is essentially a time for the opposition and it is a time taken up mostly by the opposition. I do not think that it should be curtailed and abridged by mumblings and interruptions —

Senator Simard: Please get on with the question.

Senator Frith: —like the one we are now experiencing. Fortunately, I am able to give perfect evidence of an interruption. Go ahead, Senator Simard. You are doing it right now, interrupting and using up the time. I ask the speaker to take into account that fact.

Senator Barootes: What is the question!

Senator Frith: I would love to get it out if you would shut up, sir!

Senator Simard: What is the question!

Senator Frith: He will not shut up. If you shut up, you will hear the question. I am not going to ask the question until you shut up.

Senator Simard: Are you going to answer my question?

Senator Frith: Have you shut up?

Senator Simard: Yes, for the time being.

Senator Frith: I could not expect much more than "the time being" from you.

Now, quoting Mr. Chrétien:

> The physical infrastructure of our towns and cities—the roads and bridges and sewers—is literally falling apart . . . Capital improvements are desperately needed now, and so are the jobs and economic activity that would go with them.

My first question is this: Can Senator Murray confirm whether this is only a rumour or, if not, can he tell us when to expect an announcement formally on the issue?

As for my second question, I wish to know if the Conservatives are planning to steal any more Liberal policies to subsidize their own bankrupt policy branch?

Hon. Lowell Murray (Leader of the Government): Honourable senators, on the specific matter of the Trans-Canada Highway, there have been discussions, going back some considerable time, between the federal government and the provinces. I seem to recall that at a first ministers' meeting, held quite a few months ago, there was a discussion of this very matter. My honourable friend will recall references in Mr. Mazankowski's budget to infrastructure in general and to highways in particular.

Senator Frith: That is quite true, and that was encouraging.

Senator Murray: There have been discussions involving particularly the premiers of New Brunswick, Nova Scotia, the Prime Minister, the Deputy Prime Minister and other ministers; but the short answer to the honourable senator's question is that no decision such as described in the *Toronto Star* article to which he refers has been taken by the government.

THE CONSTITUTION

CONSENSUS REPORT—OFFICIAL LANGUAGES—DIFFERENCE BETWEEN ENGLISH AND FRENCH TEXTS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government in the Senate.

On September 15 I asked the senator about the translation in the Charlottetown accord under the Canada clause and the use of "attachment" in French as a translation for "commitment". He replied to me then that he would take this up and try to give us the information in due time.

In view of the fact that the Senate may not be sitting for much longer, and, indeed, may not sit until after October 26, when the referendum vote is to be held, and given that this matter is of substantial concern to a large number of Canadians, particularly those of the French minority living outside Quebec, I would ask my honourable friend to look at the *Constitution Acts 1867 to 1982*, the consolidation as of October 1, 1989, produced by the Department of Justice. At page 66, under item 35.1, the English text reads as follows:

> The Government of Canada and the provincial governments are committed to the principal . . .

I will not read the rest. By the way, as an aside, the word "principle" is improperly spelled.

[*Translation*]

In French, the wording of section 35.1 is very clear:

> 35.1 Les gouvernements fédéral et provinciaux sont liés par l'engagement de principe—

[*English*]

Similarly, in 36(1) on page 67, it says:

> . . . together with the government of Canada and the provincial governments, are committed to . . .

[*Translation*]

The French version also says, at section 36.(1):

> —ainsi que les gouvernements fédéral et provinciaux, s'engagent à:

[*English*]

Clearly again, the word "s'engagent" is to be the translation for "committed".

A third case occurs under 36(2), still at page 67:

> Parliament and the government of Canada are committed to the principle . . .

[*Translation*]

And in French, section 36.(2) clearly says:

> Le Parlement et le gouvernement du Canada prennent l'engagement de principe—

[*English*]

We then have clear precedence for the translation of "commitment" to "engagement". Why is it that we cannot proceed now to make that clear change, in view of the fact that there are clearly precedents in our present Constitution?

Hon. Lowell Murray (Leader of the Government): Honourable senators, a day or two ago I saw a draft reply to the question of the Deputy Leader of the Opposition. I approved it for tabling. I thought it had been tabled yesterday. I have sent for it again. I may indeed receive it in a very few minutes. If so, of course I shall table it. If not, I shall do so tomorrow.

My recollection is that the reply makes two points. One is that "attachement" is perfectly proper French for "commitment" and second, that those two words recur throughout the Charlottetown agreement, but I am ad libbing the response which I will table in due course, and which states the case in somewhat more detail than I have done.

THE ECONOMY

BELOW-CAPACITY PERFORMANCE—GOVERNMENT RESPONSE

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate. It is more or less an appendix to my leader's question on the article in the Toronto *Star*.

I take it for granted that in fact, although you did not say so, there will soon be an announcement regarding the TransCanada Highway and the provinces.

Based on the admission that the government is working on some ways to help get this country out of the terrible economic mess it is in, is the Leader of the Government prepared to comment on an article in the *Globe and Mail* today headlined, "Short by, oh, about $70 billion"? It says that the economy is performing 90.8 per cent, the 9.2-percentage-point gap in the output being the biggest gap since the last depression.

Yesterday I talked about the depression. The only reason we are not in a depression, and that we are in a state of what is still called a recession, is the existence of the programs that were put in place by former Liberal governments.

[Senator Molgat.]

Is the government now prepared to accept the fact that it has to act and get this economy going again, so that we do not slide into a real depression?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think it is fair comment to say that the economy has been operating at below capacity. Having said that, there are various ways of measuring capacity, and I do not think there is any valid comparison to be made between the situation during the Great Depression of the 1930s and the situation we face today.

Second, it is obvious to most people that what we have been going through in this country—and what much of the rest of the world has been going through—is not just a cyclical downturn, although there are elements of that, but a longer-term structural problem, and that structural adjustment has to take place.

It is the considered opinion of people who study these matters, such as the IMF and the OECD, that Canada is well ahead of many of the other countries in making those structural adjustments. This is demonstrated by our success in curbing public spending, in getting inflation and interest rates down and in providing the basis for a sustained longer-term recovery.

Third, with regard to the question of infrastructure, let me be very clear: The Toronto *Star* article to which the Leader of the Opposition referred indicates that the government had decided on a rather massive, multi-billion dollar expenditure on infrastructure. I have stated that no such decision has, in fact, been made by the government.

With regard to the TransCanada Highway, there have been many discussions. The most recent that came to my attention involved the Minister of Finance and the premiers of Nova Scotia and New Brunswick, although other provinces would obviously also be involved. I think that those discussions are coming along well, but I am not in a position to make the statement which the honourable senator attributes to me, namely, that there will be an early announcement on this matter.

Senator Thériault: Honourable senators, the Leader of the Government in the Senate may cite statements by the IMF and OECD, but the fact of the matter is that the countries that are suffering most from the effects of economic right-wing philosophy are going through the worst of this recession, namely, England, the United States and Canada.

It is a known fact that the Americans are suffering from the policies of the Reagan-Bush administration. This country is suffering from the policies of the Mulroney administration and the United Kingdom is still suffering from the policies of the former Thatcher government. I hope that the policies in the United Kingdom are being rectified to some degree by the new Prime Minister, and that economic policies in the United States and Canada will be rectified by new governments.

However, this article says:

> The resulting 9.2-percentage-point gap in output is the biggest since the Great Depression of the 1930s and represents idle factories, closed shops and unemployed Canadians.

In fact, the shortfall of $70 billion would be enough to employ the 1.6 million presently unemployed Canadians at a salary of $44,000 each per year. Is this the kind of economic situation that you say the OECD cites as an example of a country coming out of this recession? We were the first country of the western world to be in this recession and we are the last one coming out of it, because of your policies.

Senator Murray: Honourable senators, I think the honourable senator and I disagree, as his party and mine disagree, on the proper prescription for the current situation. They would spend more money and add to the deficit, to taxation and, we believe, to inflation and interest rates in doing so. Whatever blip in economic growth might be achieved by the spending of this public money, the longer-term effects would be harmful—indeed disastrous—to the Canadian economy and to the real progress that we have made—not without pain, I appreciate—in getting our economy to the point where, according to the International Monetary Fund, in 1992 and 1993 we will have the highest rate of growth in any of the industrialized countries, the lowest inflation rate and, I may say, certainly in 1993, the highest employment growth in the G-7.

• (1440)

This is progress and it has been made, as I said, not without pain. However, people do not want to throw it away by opening the flood gates and spending billions of dollars that we do not have which will again result in increased taxation, inflation and interest rates.

We have seen that alternative under our predecessors. We saw it recently at Queen's Park and the Canadian people want none of it.

Senator Thériault: The honourable senator seems to forget that Queen's Park is also in Canada, and that it is suffering from the policies of this government in the same manner as Fredericton and Halifax. That is the problem. The fact of the matter is not to spend more, but to spend better; and to spend for programs that help people who need help, not rich Tory friends. That is the difference in the philosophy.

Senator Murray: That is exactly why you should be supporting Bill C-80. We are cutting people like yourself and myself off family allowance and targeting the assistance to those who need it most.

Senator Thériault: The same philosophy that implemented the clawback of the old age pension, and now the family allowance, will eventually apply to medicare.

It is true that this is not the first time that there has been a recession. In 1980-81 we had a recession. However, because of the policies of the then government, we were out of that recession within two years.

The Conservatives took office in 1983 at a time when we were experiencing the fastest growth ever in this country. What have they done? They have doubled the deficit in the best economic times we have experienced in ages and, at the same time, more than doubled the debt of Canada. The poor people are suffering because of all the waste and extravagance, such as the recently announced $4 billion dollars which will be spent for helicopters for the defence department. That is the Conservatives' policies.

LABOUR

STRIKE AT PORT OF VANCOUVER—FEDERAL MEDIATION—GOVERNMENT POSITION

Hon. Jack Austin: Honourable senators, the government leader will be aware that a legal strike is taking place in the Port of Vancouver affecting, at this point, a foremen's union that exists at that port. Through secondary picketing, that strike could very easily spread throughout the entire port.

The foremen's union has been without a collective agreement for several months. This labour action falls within the jurisdiction of the federal government. I would like to know from the minister whether any special steps are being taken to mediate this particular strike.

The minister will be well aware that Parliament has been recalled in summers past to pass legislation regarding strikes. I would suggest, however, that it would be most inconvenient to do so in this case before the end of October.

Hon. Lowell Murray (Leader of the Government): Honourable senators, our people from the federal Department of Labour are on the ground out there doing everything they can to try to effect a settlement and a resumption of activity. I do not think I can say more at the moment. I had a brief report on the matter from the Minister of Labour and his officials earlier today, and I assure honourable senators that they are doing their very best to bring about a speedy resolution of the problem.

THE CONSTITUTION

SOURCE OF FUNDS FOR REFERENDUM COMMITTEE

Hon. H.A. Olson: Honourable senators, perhaps I may ask the Leader of the Government a question with respect to financial support for the so-called Yes Committee that was set up yesterday.

Is any money being taken from the federal treasury, either directly or indirectly, to support that committee?

Hon. Lowell Murray (Leader of the Government): No, honourable senators.

Senator Olson: Are there any PCO person-years allocated to that committee?

Senator Murray: No, honourable senators.

DELAYED ANSWER TO ORAL QUESTION

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have a response to a question raised on September 15, 1992 by the Honourable Senator Molgat regarding a variation between the French and English texts in the Charlottetown agreement.

THE CONSTITUTION

CONSENSUS REPORT—OFFICIAL LANGUAGES—DIFFERENCE BETWEEN ENGLISH AND FRENCH TEXTS

(Response to question raised by Hon. Gildas L. Molgat on September 15, 1992).

The word "commitment" recurs several times in the Canada clause in the context of ideal or values (parliamentary system of government, racial and ethnic equality, respect for individual and collective rights and freedoms, equality of female and male persons) and not just in the context of linguistic duality. In each case, it is translated by the word "attachement".

The use of "attachement" rather than "engagement" in the French version is correct and in accordance with proper French.

The government is satisfied that the courts will not find any substantive difference between the two language versions.

There are no discussions with provincial, territorial and aboriginal representatives on this specific issue.

The government is confident that the linguistic duality clause will enable the further development of official language minority communities throughout Canada.

OFFICIAL RECORD

CORRECTION TO HANSARD

Hon. Nathan Nurgitz: Honourable senators, I rise on a point of order. Yesterday, during our proceedings on Reports of Committees, I reported Bill C-46 without amendment. At the conclusion of the report the Speaker asked when the bill would be read the third time. I recall well, as will Senators Frith and Molgat, that I did not have the courage of my colleague Senator Barootes, so I said, "at the next sitting."

Senator Barootes: No one has my courage.

Senator Nurgitz: We know that—and other things as well.

Senator Gigantès: Will you tell us?

Senator Nurgitz: In any event, as reported at page 2070 of yesterday's *Hansard,* although the Acting Speaker did not say it, it states: "When shall this report be taken into consideration?" That is an error. The *Minutes of the Proceedings of the Senate* are very clear that the question put was when would the bill be read the third time.

I point that out as an error in *Hansard.*

[Senator Murray.]

ORDERS OF THE DAY

AN ACT TO AMEND CERTAIN ACTS IN RELATION TO PENSIONS

AND TO ENACT THE SPECIAL RETIREMENT ARRANGEMENTS ACT

AND THE PENSION BENEFITS DIVISION ACT

THIRD READING—DEBATE ADJOURNED

Hon. C. William Doody moved the third reading of Bill C-55, to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I spoke on this bill at second reading before it was referred to committee. At third reading, after some introductory comments, I should like to deal with three points. First, the regulation-making authority that is provided for, and the possibility of de-indexing as a result; second, the pension credit splitting on breakdown of marriage; and, third, disability pensions. I will then have a word or two to say in conclusion.

[*Translation*]

Honourable senators, when I spoke at the second reading stage of Bill C-55, I referred to the ageing of Canada's population and the role of governments with respect to the financial situation of retirees. I also remarked that the bill deals with this responsibility and was designed to promote fairness and equity in our pension legislation.

Bill C-55 proposes to amend federal pension legislation and, as I said on second reading, deals with problems such as pension-credit splitting on marriage breakdown, allowing part-time employees to contribute to a pension plan and improving leave-without-pay provisions vis-à-vis pension contributions.

At the time, I expressed my concerns about these provisions and hoped that these concerns would be dealt with when the bill was examined by the National Finance Committee, but although certain problems were clarified, others we had pointed out were not.

My first point concerns regulatory authorities. The provisions of Bill C-55 with respect to new regulatory powers were one of the subjects I pursued in committee with the minister. I received quite a few letters from individuals and groups concerned by the clauses on "changes by regulation".

• (1450)

[*English*]

In a letter to me dated July 28, 1992, E. W. Halayko, National Chairman of the Armed Forces Pensioners'/Annuitants' Association wrote:

> The Bill is theoretically a Bill to have certain Superannuation Acts conform to the Income Tax Act. However, by approving changes *by Regulation* the Bill gives any government the authority to modify the Canadian Forces Superannuation Act and the Supplementary Retirement Benefits Act by an Order-in-Council. The changes could include de-indexation, the government enjoying a contribution holiday, even decreasing current disbursements and even increasing present contributions by the Canadian Forces members.

I also received a letter from Diane Strilaeff, from Yellowknife. She asked how we could pass legislation that would let the government take control over the federal public service pension plan away from Parliament. Ms Strilaeff pointed out that under present legislation the government must match the employees' contributions, but that Bill C-55 would allow the Minister of Finance to decide what the government's contribution would be. The bill would also allow interest rates to the pension funds to be established by regulation without the approval of Parliament. She was also concerned that a regulation could be made under the Income Tax Act to limit indexation for any registered plan, thereby getting at the indexation in that indirect but equally effective route.

A March 16, 1992, news release from the Public Service Alliance of Canada attacked the regulation-making provisions of the bill as follows:

> Technically speaking, the adoption of Part IV of Bill C-55 would allow the government of the day to enact regulations under the Income Tax Act, without legislative approval, to, amongst other things, limit indexation of pension plans.

I think any senators who have been concerned with this legislation would agree that in the submissions and letters we have received that was one of the prime concerns; it was not just the de-indexation but particularly de-indexation as a possible result of power given to the government without having to consult Parliament.

> The government would also have the power to enact further regulations, under the Public Service Superannuation Act (PSSA), to conform with the new Income Tax Act regulations.

This led Mr. Bean, the president of that organization, to call Bill C-55 a "gift-wrapped time bomb."

The Federal Superannuates National Association had similar arguments in a news release, also dated March 16, 1992. The news release refers to Mr. Claude Edwards, who is the national president, being available to answer questions. This is what the release says:

> Under the legislation now before Parliament the government would be empowered to amend many important elements of the Superannuation Plans including the following, solely by the passage of a regulation.

We understand, of course, that that is effectively a government legislative act without recourse to Parliament. He continues with the list:

> - Limiting full indexing and other pension benefits.
>
> - Establishing and controlling with unfettered authority the interest paid on and the employer contribution to superannuation accounts.

One basic thing everyone understands about pensions is that the employee makes a contribution, the employer makes a contribution, and in effect they operate in partnership in assumed consultation to establish the pension fund that the employee counts so heavily on. As this points out, their concern is that, by this regulation, it would have nothing to do with Parliament and they would have no chance to make a submission.

The press release goes on to say:

> Prior to this, changes to the superannuation plans have required the full scrutiny and approval of Parliament.

Remember, honourable senators, traditionally, and we hope still, the participation of Parliament does not just mean debate in the House of Commons and debate in the Senate, but also scrutiny by committees, which citizens have an opportunity to speak to and ask to be heard before.

These are just a few examples of the letters and statements in our files from people who are concerned with the regulation-making authority of this bill.

[*Translation*]

As I summarized for the minister's benefit at the committee meeting on September 10, the bill gives the government the authority required to issue regulations in this area for two purposes: first, to ensure that the relevant legislation—the Public Service Superannuation Act, the Canadian Forces Superannuation Act and the Royal Canadian Mounted Police Superannuation Act—complies with the Income Tax Act.

The second is to ensure that the relevant legislation is applied in a practical and equitable manner.

Clause 71 of Bill C-55 will allow the Governor in Council to make changes by way of regulation to various pension plans without consulting the groups concerned or Parliament.

[*English*]

In his testimony, the minister touched on the subject of the regulation-making power. I quote from the proceedings of the National Finance Committee, Issue Number 32, and this is the minister speaking, Mr. Loiselle:

> Furthermore, the bill clearly states that no regulation made for tax compliance purposes may reduce any benefit, including indexing earned prior to the date the regulation is made.
>
> I might add that the committee's legal counsel confirmed that any future changes to the indexing provisions

> of the various pension plans would require an act of Parliament irrespective of future changes in income tax requirements.

• (1500)

Beyond the many promises the minister has made not to de-index pensions, or alter contribution levels, according to the legal opinion he received, the government could not legally make regulations to de-index pensions or change benefits. However, in the first opinion provided to the minister by R.R. Walsh, General Legislative Counsel, a different scenario was raised.

The General Legislative Counsel wrote, and I quote from documents prepared by him in respect to the regulation-making powers for Income Tax Act compliance:

> It is not clear that amendment of PSSA/CFSA/RCMPSA would be required to reduce or remove indexation as a permissible benefit ... An amendment of the Income Tax Regulations by the Governor in Council (without the involvement of Parliament), made applicable to all pension plans, might be sufficient to reduce or remove indexation without amendment of the statutes governing the plans.

The scheme of Bill C-55 is to amend plans in order to make them comply with the Income Tax Act. The government wants to de-index and, thus, has to amend, since it is being established that the plans must comply with the income tax regulations. The income tax regulations must be amended to de-index, for example, with the result that changes will have been made by regulation.

Senator Bosa: That sounds complicated.

Senator Frith: Does that sound complicated, honourable senators? I must say it again, because it should not sound complicated. Senator Bosa says it does sound complicated.

The problem is that we do not want it to be possible to de-index your pension by regulation, senator. The resultant hope is that, if your pension is to be de-indexed, it will have to go back to Parliament, where it will receive debate and study in committee in both houses.

However, the government does not want to have to do that. The government wants to de-index your pension without having to go back to Parliament. What the General Legislative Counsel is saying is that it would be possible for the government to do that, because the government is establishing, in what is before us, the need to have pension plans comply with income tax regulations. Instead of amending the plan, it simply amends the regulations, the regulations amend the plan and away goes indexation.

It does get a bit more complicated as it applies to this act, but that is the concern that was expressed by all the citizens and that was the information and opinion given first by the General Legislative Counsel, Mr. R.R. Walsh.

[Senator Frith.]

It appears that our fears may be justified in that the government would have the ability to by-pass Parliament in making changes to pension plans by regulation. As honourable senators might expect, in a second letter to clarify his opinion, Mr. Walsh stated that the amendments made to the income tax regulations would only be applicable to pension plans for income tax purposes and that such an amendment would not have the effect of removing or reducing indexation as a benefit under the Public Service Superannuation Act, the Canada Forces Superannuation Act or the RCMP Superannuation Act. He went on to say that the removal or reduction of the benefits provided for under any of these acts could only be effected by an amendment to the relative statute by Parliament.

However, I found that less than fully reassuring, because we know the extent to which significant changes can be made by making changes to income tax regulations. For example, we know that something like the most widely subscribed to pension plan in Canada, the Canada Pension Plan, can be wiped out by dealing with it through income tax changes. The government did not repeal the Canada Pension Plan. Nor did it abolish it. It clawed back from certain citizens who had contributed to the plan, and effectively repealed it by changing the Income Tax Act. That was the famous claw-back.

I remember reading a short story by Sir Walter Scott on the subject of imprisonment for debt. In it there was a small debate going on between a learned lawyer and a farmer about the fact that in British law at the time there was no such thing as imprisonment for debt. The lawyer tried to explain that it was not imprisonment for debt, that if one were in debt the Queen sent a notice stating that the debt should be paid. Therefore, what one was imprisoned for was disobeying the Queen, not being in debt.

I remember the farmer saying something like, "Well, it still sounds like imprisonment for debt to me." The lawyer answered by saying, "But you fail to perceive the elegance of the legal fiction."

That is what in effect can be done with the Income Tax Act. The government may say, "It is true you have the Canada Pension Plan, sir or madam, but because you are in a certain income tax bracket we will take it back every month. You still have it, you understand. If you complain, you fail to perceive the elegance of the legal fiction."

Senator Murray: That does not apply to the Canada Pension Plan. You are talking about the Old Age Security.

Senator Frith: Quite right, and I thank you. That makes it worse. I am glad you corrected that, Senator Murray, and I hope the record shows it.

Senator Murray: It takes federal-provincial agreement to make any changes to the CPP.

Senator Frith: Apparently, you fail to perceive the point also.

Senator Murray: No, I do not.

Senator Frith: You were busy talking about something else when I was making the original point.

We must realize that the authority to make regulations under the guise of income tax purposes may actually extend beyond what we are being told it does. The knife which this authority sharpens may be used to cut programs and benefits without ever going to Parliament, which was the primary concern expressed in all the letters received by myself and all other senators.

My question now is this: If the government has no intention of unilaterally de-indexing pensions, reducing other benefits, changing the funding levels or changing interest rates with this regulation-making authority, and if the legal opinion says that such actions would not be permitted under the bill in any event, why will the government not specifically write into the legislation a provision prohibiting it or any government from taking such action?

• (1510)

Why not make the intention clear? In this case we are being asked to trust government guarantees, and it is not the first time we have been asked to take such a leap of faith.

I am pausing because I am catching up to something about which the government assured me. So when I get the CPP and they take it all back in tax, they are taking it back legally. I mean, both my CPP and my OAS.

This, however, is not the first time that we have been asked to take such a leap of faith. We all remember Bill C-22, the pharmaceutical bill, when the government promised greater employment and an increase in research and development. We also remember that some of us, including myself, asked the government to put such requirements into the bill and the government refused. We have seen how these promises have not been kept. In an article which appeared in *The Citizen* on September 17, Ian Austen reported under the heading, "Patent drug law did not work, report says", at the second paragraph:

> Contrary to the pharmaceutical drug industry's claim in 1987, —

Which is when we asked them to put those requirements in the bill —

> — a draft study for the Department of Consumer and Corporate Affairs shows limited job gain, little growth in basic research and almost no capacity to produce the active ingredients of drugs in Canada.

So much for the assurances we received in 1987, and probably so much for those we are receiving here today.

We must ask ourselves if this legal opinion that I have referred to and the minister's promises are enough to convince us—and concerned groups and individuals—that the next minister will not unilaterally, through regulation, change the de-indexing provisions for any other benefits provided through the pension legislation. I personally do not believe that Mr. Loiselle would do so. He has gone on record as saying that he will not, and I believe he will not, but what assurance does that give us that the next minister, no matter which government, will not do so?

Now to the second point, the pension credit splitting on marriage breakdown. Another matter that we learned much about in the committee, and also through the many letters I received, is the issue of pension credit splitting in the event of marriage breakdown. Under current law there is no provision for splitting of pension credits. As you know, the essential step these days in the case of marriage breakdown is to determine the distribution of assets. The first step is to decide what are family assets and then the judge or parties, if it is by agreement, determine how those assets are to be distributed.

Bill C-55 in this respect is an improvement because it will permit the division of a plan member's pension benefits at source. However, there are a number of issues that this bill does not address. For example, many women will still be denied access to their ex-husband's pension benefits after having spent many years working in the home and providing support to their husbands, the husband being the plan member.

In one particular letter received by Senator Fairbairn, who forwarded a copy to me, a woman described her situation, one which will not be rectified under this bill. This woman had been married to her ex-husband for 29 years, during which time she worked in the home, raised three children and gave her husband extraordinary support and aid in his career. I say "extraordinary support" because she had a much higher level of education than he—he had only completed grade eight—and provided him with tutoring help throughout his work-related courses. He recognized her help and support, as did many of his colleagues.

Subsequent to their divorce, the husband remarried and died approximately one year after the remarriage. Upon his death his second wife received all of his pension and death benefits.

We would like to be optimistic and say that that situation cannot recur under Bill C-55 because of the pension credit splitting provisions that I have just referred to, but this woman is an example of how and when it can happen. First, she would need a written spousal agreement or court order to have her ex-husband's pension credits divided. When the couple divorced, neither of these alternatives was an option, so there was no court order or written agreement. Since her ex-husband is now dead, she cannot no obtain a spousal agreement.

Shortly before he died, her ex-husband expressed regret that he could not do anything for her with regard to his pension. If the requirement for a court order or spousal agreement were eliminated then women would not be in the situation that this woman is in now. Her 29-year contribution to her husband's career would be recognized and she could receive her fair share of his pension and death benefits.

The Committee for Spousal and Children's Pension Survival appeared before the National Finance committee to discuss this very issue. In its submission to the committee, the

issue was explained very clearly. I read from their brief. The heading is "Spouses Denied All Benefits":

> Many spouses who were married 20, 30, 40, 50 or more years, who shared the contribution years, supported all the employment, carried all the family responsibilities, bore the children; lost their own employment, pension and earning opportunities, may have represented Canada side by side; and many who carry exclusive ongoing family medical and other responsibilities; and many who planned for their retirement very responsibly; are increasingly denied all their share of veteran's, public service, military, Canada Pension Plan, Widow's Allowance, Supplementary Death Benefits, insurance and R.S.P. benefits.

They refer to an attached example. This particular issue was discussed on a number of occasions in the committee. The Organization of Spouses of Military Members raised the issue, as did the Canadian Pensioners Concerned Incorporated.

I asked the department officials about that matter in committee on Thursday last, September 17, and we discussed it at some length. In fact, there seemed to be a general consensus among members of the committee that when this situation arises, when a pensioner dies leaving a legal spouse and a common-law spouse, the division of the pension survivor benefits may not be very fair, and there seems to be nothing in the legislation to deal with this issue.

Why was this issue not addressed by Bill C-55? Why was the bill not fashioned so that ex-spouses could collect their fair share of pension and survivor benefits? Of course, in every case where such benefits are an issue, they are an important issue. In every case the dollar sums may seem small, but to the people concerned they can be the difference between ground beef and dog food.

Why include the requirement for a court order or spousal agreement instead of recognizing the inherent right that ex-spouses have to a share of pension survivor benefits, earned by the plan member, to which they contributed.

Are we satisfied to allow this issue to remain unresolved, and do we believe that it will be rectified in the future? The problem was recognized in the committee's report on the bill, item 4 on page 3, where it says.

> In particular, your committee is of the opinion that the existing measures regarding survivor benefits can and should be altered to provide for the possibility, where appropriate application is made, of survivor benefits being paid on a *pro rata* basis both to the legal or common-law spouse and to any previous spouse or spouses including separated and divorced spouses without regard to their current marital status.

The committee not only recognized the problem but it recommended a solution. The recommendation that the benefits be divided on a pro rata basis was supported by many of the witnesses testifying before the committee.

[Senator Frith.]

Earlier this week, I received a letter from Joyce Stothers, Chair of the Committee for Spousal and Children's Pension Survival and Related benefits, urging that we make such a recommendation in our report. She recommended in her handwritten letter:

> The spouse who shared the largest part of the contribution years should be permitted to remain in the pension plans eligible in accordance with the member's eligibility to a share of the monthly allowance and all the associated benefits of these defined benefits plans, like others in the plan.
>
> If there are other spousal claimants, spouses who shared a lesser part of the contribution period could be awarded this percentage share . . .

Unfortunately, the committee did not investigate the possibility of recommending an amendment to deal with this issue. I am not quite sure that an amendment to Bill C-55 could rectify this problem, but it should be rectified. I say that because the breakdown of marriages and the resulting legal ramifications are essentially a matter of family law which is within provincial jurisdiction. This bill will allow the federal bureaucracy to respond to court orders made in provincial court, and to spousal agreements.

The problem could be dealt with in two ways: An order by a provincial court or an agreement between the spouses. Then the federal bureaucracy can respond. The end result would be that when one spouse is required to turn over a certain portion of his or her pension, the federal government will issue two cheques; one to each spouse.

The bill does not change existing provincial family law. Perhaps that is where the changes need to be made. If a provincial court would order a pro rata provision of pension credits, this bill may allow the federal authorities to carry out the wishes of that court, really as an administrative and implementing act.

This is an issue that I hope will be taken up by the pension advisory committee when they finally do meet, as the committee urged that they do. I compliment the committee on its report on that phase because these advisory committees have not been meeting, and these issues are all eminently appropriate for consideration by such an advisory committee to the department. I say "eminently", because the people who are and who will be on the committee are all persons expert in the field and, in most cases, experienced in the plans and the problems arising therefrom.

My third and last point deals with disability pensions. We talked about pension credit splitting between spouses, but another area which the committee found a bit worrisome were disability pensions. I raised with the Minister, as did others, the question of how Bill C-55 would affect disability pensions.

I have concerns with the division of disability pensions in the event of a marriage breakdown. We are still talking about the problems of marriage breakdown, but we are talking now

about disability pensions. Under the bill, pensions benefits will include any disability pensions. Therefore on the break-up of a marriage or common-law relationship, the bill would permit the splitting of disability pensions.

A disability pension is generally considered to be a wage-loss replacement scheme. In other words, a disability pension compensates the disabled person for the money which he or she can no longer earn because of being disabled. This is important in considering the problems that might arise under Bill C-55 as addressed by the committee.

A disability pension is really a source of income for disabled people and often their only source. In that sense, it is not the same as a pension of the type we were talking about under part two. It is not really a pension as such. It is a replacement of income.

Under the bill, the disability pension will not be treated as a source of income. It will, in fact, be treated as net family property and will be divided retroactive to the date of separation. So when and if divorce proceedings are concluded, a disabled person receiving a disability pension may find that he or she owes half of the disability income collected from the time of separation to the other spouse, who may be fully employed and receiving a full income. That seems obviously unfair, as we can see that the disabled spouse could be left with a large debt owing to the other spouse, and possibly also economically destitute.

Notice that the analogy is to income. It is the same as if there is a marriage breakdown and the claims can be made on the salary of the wage-earner. It is not quite the same as a pension, being a substitute, in the case of disability, for that very income.

This is an unfair provision, and the minister indicated in committee that it is a situation that the government wanted to avoid, and would therefore seek to provide a form of protection for disabled pensioners in the regulations.

Sharon Hamilton, Director of Pension and Special Projects Division at the Treasury Board, indicated to the committee that this is a problem and that there is some confusion.

> There is this sort of confusion because everything is an annuity or an allowance under our pension plan. That which is payable in the case of disability we have not in the past had to characterize as being a different kind of benefit than a retirement pension. But in this situation, where we are looking at credit splitting, it becomes obvious that you are looking at a different kind of benefit in relation to a credit.

The officials have acknowledged that there is a need to protect disabled people in these circumstances. They have acknowledged that this bill does not provide that protection. In fact, the minister agreed that protection is needed. He testified before the committee, at page 32:19, that:

> In the regulation we will certainly want to provide a form of protection because the problem you describe is a very real one for disabled pensioners. We are looking at that problem to ensure that protection is there.

This is a convenient place to note the intention of the committee in its report, as I understand it. The Acting Chairman, Senator Doody, can correct me if I am wrong. The intention of the committee is to monitor this situation and to keep in touch with the Treasury Board officials and, if necessary, to have them come back and say whether they have been able to solve this acknowledged problem through regulation.

However it is still only a promise, and we must ask ourselves whether this promise is good enough. Is it good enough for those disabled people who may lose 50 per cent of the disability pension they have received from the time of separation?

• (1530)

Remember, these people are normally prepared, we understand, to have that disability pension treated as salary and therefore subject, for example, to garnishment and court order, just as any salary is in the context of a separation. What they are concerned about is that it would not be a matter of a court order of garnishment or a court order asking them to allocate part of their income, but that it will have the automatic result that 50 per cent of the disability pension they have received from the time of separation will suddenly become a debt. If it is the minister's intention to provide protection, again why not write it into the bill instead of providing it through regulation?

Honourable senators, when we sent this bill to committee after second reading, we had some questions concerning it. We outlined them in second reading. The minister and departmental officials appeared before the committee—as did a number of other interested groups—to attempt to answer our questions and clarify the bill.

We went through second reading to debate the principle of the bill and raise questions that we wanted the committee to look into. All of that took place here in this chamber. We then come back here at third reading to have a look at how those questions have been dealt with. As I say, the minister and departmental officials appeared before the committee, as did other interested groups, to attempt to answer the questions and clarify the bill. What we found was that a number of issues were left unresolved by the bill.

At the beginning of my intervention today, I discussed the dissatisfaction expressed by many people with the minister's promises regarding regulations and de-indexing. Although he has promised not to use regulations to de-index pension benefits, not many were reassured.

I also talked at that time about the problems brought out in testimony by spousal groups regarding the splitting of pension credits in the event of marriage breakdown. The bill will not help those spouses whose ex-spouses are living in common-law relationships.

Finally, I discussed the problems that may be faced by those receiving disability pensions. The bill does not provide any

protection for these people, and again we have another promise from the minister that that situation will be rectified by regulations.

The minister and departmental officials acknowledged many of the problems raised in committee. Mr. Macdonald, the Comptroller General of Canada, told us that Bill C-55 is only the first step in pension reform. We were left with the impression that there are plans for further legislation to deal with the many problems that were discussed. We only hope that when it comes, it comes more quickly than the last pension legislation we looked at, which was about five years ago.

Some Hon. Senators: Hear, hear!

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my colleague Senator Frith has given a very broad review of our position on this matter and has covered the subject extremely well. I want to touch on only one particular aspect, and that relates to the Canadian Forces Superannuation Act.

For some time now, the Canadian Forces have been operating on what we call the "total force concept". The principle here is that the reserve forces and the regular forces are essentially one. That means that the two should be treated equally. However, in this bill that is not the case; the reserve forces are not put on the same footing as are the regular forces.

For some time now there has been a system of "calling out" reserve personnel where they go on a permanent basis —normal, full-time hours—with the regular force. It could be a reserve element, but they are there on a full -time basis.

We find in this bill that where this call-out occurs in the case of someone who has previously been in the regular forces and has been subject to the Superannuation Act, but then leaves the regular forces and joins the reserves, and then goes on call-out, that individual is entitled to the superannuation provisions and can re-enter the superannuation system. Yet, a straight reservist who goes on call-out cannot join the superannuation system.

We find people who have now been on call-out for some years—some for six or seven years, and probably some longer than that—who have been full-time serving members—true, as reservists, but still serving full time—and yet they have no means of gaining access to any pension program.

When the question was asked at the committee stage, we were told that these people on the reserve list probably have other jobs, and they therefore may have entitlement to pension plans other than this one. There may be some in that category, but should we not leave that choice to them? If they are working full time for the army, the air force, or the navy; if they are on a call-out, be they previously regular force or straight reservist, should they not be entitled to exactly the same provisions? Honourable senators, I am unhappy that the act does not provide for a coverage in this regard.

[Senator Frith.]

Honourable senators, I point out to you that under the Public Service Superannuation Act, anyone who—

> . . . is engaged to work on average at least twelve hours a week or such lesser number of hours a week as may be prescribed by the regulations . . .

Therefore it could indeed be less than 12 hours per week, if the regulations so provided. Such an individual, under the Public Service Superannuation Act, is entitled to contribute and participate. Where is the fairness here? If you are working for the civil service, you can work 12 hours a week and contribute. If you are in the reserves—and note, again, that we are putting more and more emphasis on the need for reserves in the Canadian military system— and work more than 12 hours a week, you cannot contribute.

Therefore, honourable senators, there is a double standard in the Canadian Forces Superannuation Act regarding call-outs and a double standard vis-a-vis the Public Service Superannuation Act and the Department of National Defence. I submit that this ought to be corrected. It is too late now, and we will not be proposing amendments in this regard. In fact, we cannot propose amendments—at least none that will pass at this point. However, I point out that this unfairness does exist. I hope that when the act is reviewed—and I hope that will be soon—this unfairness will be corrected.

Hon. C. William Doody: Honourable senators, it had been my intention to speak to third reading this afternoon and to conclude the Senate's dealing with this bill at this time.

Senator Frith: Technically you cannot, but go ahead.

Senator Doody: However, I was impressed by the eloquence of the arguments of my friend opposite, so much so that I thought I had better have a look at the first section of his speech, at least the part dealing with the regulations.

I had been satisfied in committee that the legal opinion provided to the House of Common's committee had dispelled any problems in that area. Perhaps I was overly optimistic or hopeful in that area. In any event, I will read my honourable friend's arguments and respond to them tomorrow, or whenever I get the document.

I have absolutely no problem with the other two questions raised by my friend. On the matter of splitting spousal pensions, I may be partly responsible for the language in the report. On the matter of disability, this is an area of which we are all very much aware, and we will urge the department to proceed with whatever solution it deems fit.

The reserve question is a new question—at least to me it is a new question—and one that surfaced for the first time under the prodding of Senator Molgat. I am delighted to see that it, too, is included in the report. However, we will leave my third reading comments for another day.

On motion of Senator Doody, debate adjourned.

CONTRAVENTIONS BILL

THIRD READING—MOTION IN AMENDMENT—DEBATE ADJOURNED

Senator Nurgitz moved the third reading of Bill C-46, respecting contraventions of federal enactments.

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

Hon. M. Lorne Bonnell: Honourable senators, before the bill is given third reading, I intend to move that it be not read the third time now, but that it be referred back to committee for further study. My reason for doing so is that the bill has to do with the federal and provincial Departments of Justice. The bill changes the rules and regulations for handling penalties in the provinces, but the provinces were not given an opportunity to present their views at the committee hearings. I asked that they be given that opportunity but was voted down by committee members.

If we pass this legislation without giving the provinces an opportunity to be heard by our committee, we will be exceeding our jurisdiction. We are here to protect the regions and to ensure that they are heard. If they have nothing to say, they can write and tell us that, but let us at least ask them if they have any comments on this bill before we give it third reading.

Provincial representations to Senate committees are covered by Appendix I to our rules, wherein it is stated:

> The Standing Committee on Standing Rules and Orders recommends that the following be observed by committees of the Senate as general practice:
>
> That, whenever a bill or the subject-matter of a bill is being considered by a committee of the Senate in which, in the opinion of the committee, a province or territory has a special interest, alone or with other provinces or territories, then, as a general policy, the government of that province or territory or such other provinces or territories should, where practicable, be invited by the committee to make written or verbal representations to the committee, and any province or territory that replies in the affirmative should be given reasonable opportunity to do so.

Our committee refused to follow that rule and I ask that the committee chairman reconvene the committee and write to the provinces to see if they have anything to say. Therefore, in amendment, I move:

> That Bill C-46 be not now read the third time, but that it be referred back to the committee for further study.

Senator Simard: That is up to the committee.

The Hon. the Acting Speaker: Honourable senators, it is moved by the honourable Senator Bonnell, seconded by the honourable Senator Hébert, that the bill be not now read the third time but that it be referred back to committee.

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

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

The Hon. the Acting Speaker: In my opinion the "nays" have it.

And two honourable senators having risen:

The Hon. the Acting Speaker: Call in the senators.

Hon. Lowell Murray (Leader of the Government): Honourable senators, we would, of course, defer the taking of this vote.

Hon. Royce Frith (Leader of the Opposition): You would, of course? Senator Bonnell told us yesterday he was going to do this.

Senator Murray: He presented an amendment. It is a referral back to committee for study, but there has been no opportunity to debate his amendment.

Senator Frith: Oh, well, there should be.

Senator Molgat: We are quite happy to debate it.

Senator Murray: In that case, I move the adjournment of the debate on the motion in amendment.

On motion of Senator Murray, debate adjourned.

INCOME TAX ACT

CHILDREN'S SPECIAL ALLOWANCES ACT

FAMILY ALLOWANCES ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Spivak, seconded by the Honourable Senator Kinsella, for the second reading of Bill C-80, An Act to amend the Income Tax Act, to enact the Children's Special Allowances Act, to amend certain other Acts in consequence thereof and to repeal the Family Allowances Act.

Hon. Philippe Deane Gigantès: The Honourable Senator Cools adjourned the debate yesterday in my name. This is an issue which moves us all. It is extremely important, and I think it is central to the general policy that has been followed, not only by this government but by other OECD governments, on how to deal with the turbulences in the economies of the western world and of Japan since the middle seventies.

This is a very serious issue. Hindsight is generally much better than foresight. There is evidence to show that not only our government but other governments have gone seriously wrong and have followed policies that constrain consumption.

The provisions of the bill before us certainly constrain consumption. These policies that constrain consumption and encourage saving in the hope that we will attract investment have produced, paradoxically, a result the reverse of that which was hoped for by the governments of the western world.

Monetarist views have been proven wrong, and favouring saving in the hope that it will encourage investment has only encouraged—as I will demonstrate later—increased speculation in tangible assets such as stock options, bonds, real estate and currencies around the world, and has not produced the investment or the job creation that was hoped for. Not only this government but all the governments of the western world have done this. In consequence, we have also encouraged phenomena that have worked against productivity.

This may sound a far cry from cutting child allowance, but these matters are all inter-related. An excellent study has been done on this subject by a Canadian economist who at this very moment is on his way to the northeastern United States to present it to universities there. He will be returning this coming Monday. I have seen his study. I have the figures, but I have not photocopied them and I do not want to speak about those figures without having before me the full statistical data in case you ask any questions. I would like to be able to answer questions very precisely.

The data I am referring to are statistics gathered by the OECD and Statistics Canada. They are long and numerous, but very instructive. I would not like to deprive honourable members opposite of the benefit of the knowledge of this excellent piece of research.

I do this totally in a nonpartisan spirit because, as I have said, it is not only this government but all governments in the western world that have followed similar policies, forgetting the lessons of the great depression.

I would like to take advantage of the very generous offer made by the Leader of the Government yesterday, as reported at page 2089 of the *Debates of the Senate*. He said:

> I hope that will set at rest the mind of the honourable Leader of the Opposition and the minds of any others who may have feared that we were going to try to curtail debate on second reading of this bill. On the contrary, we look forward to hearing the contributions of other honourable senators . . .

I have a major contribution to make next week, and in view of that I would like to adjourn this debate until next Tuesday.

The Hon. the Acting Speaker: It is moved by the honourable Senator Gigantès, seconded by the honourable Senator Hèbert, that the debate be adjourned until next Tuesday. Is it your pleasure, honourable senators, to adopt the notion?

Some Hon. Senators: Agreed.

Hon. Lowell Murray (Leader of the Government): Honourable senators, are there no other speakers who can take part in the debate tomorrow, Friday morning or Monday? Today is Wednesday. Why adjourn until next Tuesday?

Hon. Royce Frith (Leader of the Opposition): He explained that. It is because he will not be ready to speak until next Tuesday.

Senator Murray: But are there not others who intend to take part in the debate and can do so?

Senator Frith: It is your turn. It is up to your side now.

On motion of Senator Gigantès, debate adjourned.

PRIVATE BILL

DAI AL-MUTLAQ—BILL TO INCORPORATE—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Atkins, seconded by the Honourable Senator Doyle, for the second reading of Bill S-13, An Act to incorporate the *Dai al-Mutlaq* as a corporation sole in Canada.—(*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I think we want some further information before we send this bill to committee. I have spoken to Senator Atkins about the matter. A good deal of the information we want will be available at committee, but there is more that we may need at second reading, too. I am waiting for that information which will be obtained through efforts that are being made by Senator Atkins. Therefore, I will further adjourn the debate.

• (1550)

Hon. Eymard G. Corbin: Honourable senators, may I ask Senator Frith if the information he intends to obtain will be circulated to other interested parties in the Senate, or does he intend to use that information to make an intervention at this stage of the study of the bill?

Senator Frith: Yes, I do. It will form part of the debate, definitely. We want the information in order to proceed with second reading debate. I expect that when I provide the information, other senators may wish to engage in the debate at second reading.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, September 24, 1992

The Senate met at 2 p.m., Senator Gérald J. Comeau, Acting Speaker, in the Chair.

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): The clock is ticking and, in fact, chiming, thanks to Senator Doody. According to the calculations, if the government of which Senator Murray is a member respects democracy, using his words, Canadians should be casting their ballots within 57 days. We are getting close to the writ period, I think. However, if the present government is cowardly and contemptuous of democracy, the day of reckoning can be put off for 443 days. We will soon know which category they are in.

ROUTINE PROCEEDINGS

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable members, before asking for leave to move an adjournment motion, let me indicate that it is the hope of this side that on Tuesday, should we adjourn until then, we can dispose of Bills C-55 and C-46, and can then continue debate on Bill C-80.

If there is general agreement on that, or if there is no major objection, with leave of the Senate and notwithstanding rule 59(1)(h), I move:

> THAT, when the Senate adjourns today, it do stand adjourned until next Tuesday, September 29, 1992, at two o'clock in the afternoon.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I listened carefully to what the Deputy Leader of the Government said concerning Bills C-55 and C-46. I should like to point out that we were prepared to proceed yesterday on both matters. In fact, we had understood C-55 was to proceed yesterday to a vote and that we would have Royal Assent, but for some reason or other the program was changed. We were prepared to proceed yesterday, and we are prepared to proceed today, indeed, if honourable senators so wish. However, If it is to be on Tuesday, then I will have to discuss the matter with my caucus, which will be meeting at noon on Tuesday, and we will take into consideration what the honourable senator has said.

With respect to Bill C-80, the debate was adjourned in the name of Honourable Senator Gigantès until Tuesday; however, if any honourable senators on the other side wished to participate in the debate, we would certainly be quite happy to hear them and would give unanimous leave for that action provided the adjournment stayed in the name of my honourable friend. I invite my honourable friends opposite to defend their position on this. I would be very happy to hear them, and I think I can assure them of unanimous consent on our side.

Hon. Royce Frith (Leader of the Opposition): Their position is indefensible. That is the problem.

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

Hon. Senators: Agreed.

Motion agreed to.

GENERAL AGREEMENT ON TARIFFS AND TRADE

PROGRESS OF URUGUAY ROUND—NOTICE OF INQUIRY

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, on behalf of the Honourable Senator Olson, I give notice that on Wednesday next, September 30, 1992, he will call the attention of the Senate to the progress of the Uruguay Round of GATT negotiations that are currently under way in Geneva.

THE CONSTITUTION

METHOD OF PROMOTION OF REFERENDUM BY GOVERNMENT—NOTICE OF INQUIRY

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, on behalf of the Honourable Senator Olson, I give notice that on Wednesday next, September 30, 1992, he will call the attention of the Senate to the biased method being used by the Government of Canada to promote the referendum.

QUESTION PERIOD

THE CONSTITUTION

CHARLOTTETOWN ACCORD—STATUS AND NATURE OF TEXT FOR REFERENDUM VOTE

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I should like to ask a question of the

Leader of the Government in the Senate concerning the Charlottetown consensus.

October 26 is the date on which the referendum is to be held. Canadians will be asked on that day to vote "yes" or "no" to the following question:

> Do you agree that the Constitution of Canada should be renewed on the basis of the agreement reached on August 28, 1992?

As was pointed out in debate on both sides, the most practical problem in any referendum is to educate the public on what exactly it is they are being asked to vote upon. To do that, the educators themselves must know what the proposition is. That may be difficult because in this case the content of the agreement seems to be in a state of flux.

The agreement reached in August, for example, states that an elected Senate would have the power to ratify the appointment of the Governor of the Bank of Canada and other appointments made by the federal government. This point was raised, but not with this particularity, on another occasion this week.

However, according to an article which appeared in the Ottawa *Citizen* of last Tuesday, the bureaucrats who are drafting the legal text have changed this provision. The article states:

> But the draft legal text dilutes that power, specifying only the power to ratify the appointment of the head of the central bank while Parliament "may provide" for Senate ratification of other appointments.

That is just one example of a change to the agreement apparently made in the draft legal text. Others include changes to Aboriginal self-government and the double majority provisions.

Can the Leader of the Government tell us, and Canadians who will be wanting to vote on October 26, will the agreement on which we will be voting be the agreement reached on August 28, 1992, or will it be the legal text written by bureaucrats, or will it be some other version?

If it is to be the latter, can the honourable senator tell us when there will be available a text that is sufficiently clear so that the people of Canada will know exactly on what it is they are voting? Second, will this text be available before October 26?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Charlottetown consensus itself is a clear enough statement of principles and intention, I think, for the Canadian people to make an informed judgment as to whether they wish to have the Constitution of Canada amended on that basis or not.

Draftsmen, lawyers and advisors to the federal government for 10 provinces, two territories and four Aboriginal organizations can scribble away between now and then, but Canadians will be asked to vote on the principles set out in the Charlottetown accord. Whatever scribbling the draftsmen and lawyers may do is, of course, *ad referendum* to the political leaders who came to the accord in the first place.

[Senator Frith.]

Senator Frith: Honourable senators, I cannot say that I consider that an answer, or that the people of Canada might consider it an answer. Let us analyze the situation.

Let us take a concrete example: The scribblings of the constitutional bureaucrats might, to them and apparently to the Leader of the Government, be just scribbling. Suppose, however, that I am someone in the West. I have been given the impression, if I have read any text at all, that the Senate probably will have the authority to ratify the head of the Wheat Board or some other regulatory body, perhaps, that deals with energy because the agreement specifically states the head of the bank and others.

Now it says it "may" be others. That might be just scribbling to some of us in Ontario, but it might not be scribbling to somebody in the West, for example. There may be other clauses. I take it from the answer, that it will be left at that?

In other words, anyone intending to vote on the referendum, and wishing to have an informed vote as to what, in this case, will be the powers of the Senate, must then be told that it was just scribbling.

Are you having difficulty hearing me?

Senator Murray: I can hear you very well. I was trying to find my copy of the Charlottetown consensus, but I do not seem to have it in front of me.

The intention of the political leaders who signed the Charlottetown accord seems to me to be very clear. It was to specify that the new Senate would have to ratify the appointment of the Governor of the Bank of Canada. That is the only appointment that they have agreed upon explicitly, and they decided to put that in the agreement. It is also their intention that the Constitution should be amended to provide the Senate with a new power to ratify other key appointments made by the federal government.

"The Senate should be obliged to deal with any proposed appointments within thirty sitting-days of the House of Commons", and so on and so forth. I think it is clear that there will be an amendment mentioning the Governor of the Bank of Canada, and at the same time, as the text says, providing the Senate with a new power to ratify other key appointments made by the federal government.

I am not sure from reading that whether those other appointments will be specified in the Constitution or whether, as the honourable senator suggests, it will be left to Parliament to decide what other appointments would have to be ratified. However, this matter will not be decided upon by the legal draftsmen, but rather, in due course, by the political leaders who have to bring the constitutional amendment into their legislatures and get it passed.

Senator Frith: Let us have it clear on the record what the wording is. It may be that the political leaders "have to do this" or "have to do that". However, in the meantime, citizens, assuming they have gone to the trouble of obtaining a copy of the Consensus Report, and we hope they will have, are being asked to say "yes" or "no" to a package that provides that an elected Senate would have the constitutional power to ratify the appointment of the Governor of the Bank of Canada "and other key appointments made by the federal government".

The word "and" is quite important there. Mr. Clark has touted this as a significant, and I think he said "real", power for the Senate. But the draft legal text dilutes that power, specifying only the power to ratify the appointment of the head of the central bank while Parliament "may" provide for others.

There is a difference between saying "Bank of Canada and other key appointments" and saying "Bank of Canada and Parliament may". It can be, and is, important to the citizen who is asking.

I made it clear in my speech, as did others, that it is very important for us to be as forthright, open, and detailed as we can in this historic referral to the people of this issue. I take it that nothing is going to happen between times to tell them that this is what will happen, that Parliament "may". Are we going to say to them: "When we, the political leaders, asked you to say "yes" or "no" to a package that provided for the appointment of the Governor of the Bank of Canada and others, it will not be that. It "may" apply to other appointments, if Parliament ratifies it."

I am not saying that that is a wrong result, but I think the people are entitled to know which it is, and this is only one example.

Senator Murray: Honourable senators, I think the intention of the 11 first ministers, two territorial leaders and four, I think it was, aboriginal leaders is clear enough. They are putting to the people of Canada, in a referendum, a power for the Senate to ratify the appointment of the Governor of the Bank of Canada and certain other, as yet unspecified, federal government appointments. That is what they are asking the people of Canada to approve in the referendum.

Senator Frith: No, "maybe certain others" not "and". "And" is the present.

Senator Murray: Honourable senators, as I said already, various draftsmen can scribble away, but the second paragraph of chapter 15 on page 6 of the Consensus Report says:

> The Constitution should also be amended to provide the Senate with a new power to ratify other —
>
> — and I say, as yet unspecified—
>
> — key appointments made by the federal government.

I think that is enough.

Senator Frith: I take it, then, the answer is that the people who want to know exactly what they are voting for, either "yes" or "no", will be told that that is what we are askinge, but that there may be some scribblings. It seems to me the scribblings in this case could make quite a change.

Another point I raised in my speech on this subject is the importance of not threatening or using scare tactics in our explanation to the people. I want the minister to respond to a step that is being taken—which I think is a wrong one—in the education of Canadians about this agreement.

In particular, I quote the Constitutional Affairs Minister, Mr. Clark. He said:

> When the (United Nations). . . looks at all other countries and says this is the best place in the world to live, we should take that seriously.
>
> And we should recognize that, once, Beirut was one of the best places in the world to live, and it gave in to anger—that so many of the things that we see on the news today used to be whole communities until they gave in to anger.
>
> That could happen here.

Now that seems to me to be a threat that a "no" vote could result in a civil war, or at least the kinds of things that we have seen happening in Lebanon.

Is this just an accident or is it the government's intention? That seems to me to be hiding behind a debate of fear, employing scare tactics at every opportunity and bringing up the possibility of a civil war. That is short of what I understood the Leader of the Government to mean, and certainly what I meant when I spoke of our obligation as political leaders to educate the people. I do not think that is the kind of education either he or I had in mind. Is it what he had in mind?

Senator Murray: During the debate I endorsed quite warmly what the Leader of the Opposition had to say in that regard. I continue to believe that our chances of winning this referendum are infinitely greater because our case is so much stronger when we put before Canadians the benefits of a "yes" vote.

As for Mr. Clark, the Leader of the Opposition perhaps has not seen statements attributed to him within the last 24 hours in which he said that he felt it was a misinterpretation of his remarks to suggest that violence and civil war would be the result of the rejection of this Charlottetown consensus.

He had made the point, however, that the recent and not so recent history of the world is tragically littered with cases of countries that were once strong and united but gave in to factionalism and division and were unable to maintain their unity, and that the result has been very disadvantageous to their peoples economically, socially, politically and with regard to the influence of those countries in the world.

However, he has elaborated on that statement within the past 24 hours and I saw a quotation to that effect in the Montreal press this morning.

RESULT OF REFERENDUM VOTE—RELATION TO ECONOMIC RECORD OF GOVERNMENT

Hon. Jerahmiel S. Grafstein: This week in London, Ontario, my birthplace, the Prime Minister defended both the Charlottetown Consensus Report and the government's economic record. Will the Government of Canada consider a "yes" result of the vote on the referendum to be a vote of confidence in the government?

• (1420)

Hon. Lowell Murray (Leader of the Government): Honourable senators, let me welcome Senator Grafstein back to the Senate, having delivered himself of a speech apparently against the referendum and the referendum question and having declined to say whether he would vote "yes" or "no" in the October 26th referendum.

Senator Corbin: That is a very private matter! It is none of your business! It is time you learned some manners!

Senator Murray: It is a very public matter that the honourable senator did not show up for the vote. Honourable senators, Prime Minister Mulroney dealt with that matter in London, Ontario, also.

This referendum is a referendum on the Charlottetown consensus in respect of which we are glad to have the support, if not of the honourable senator, then at least of his leader, the Honourable Jean Chrétien, and of the Honourable Audrey McLaughlin, leader of the New Democratic Party, and of many others who dissociate themselves from other policies of this government. However, most of us are maintaining a strong common front in support of constitutional renewal on the basis of the Charlottetown consensus, and I hope that before the campaign is over, the honourable senator may see his way clear to join us.

Senator Grafstein: The fact remains that the Prime Minister, during the course of the referendum debate, defended the government's economic record. The only question I wish to ask the Leader of the Government in the Senate is whether, in doing that in the course of a referendum debate, the Government of Canada, in the person of the Leader of the Government of Canada, is in fact seeking a vote of confidence from the Canadian public on its economic record? If the people of Canada, in any part of Canada, choose to reject the accord by voting "no", will the government consider that a vote of confidence for both the referendum and the government's economic record?

Senator Murray: Honourable senators, I have answered the question.

REQUEST FOR TABLING OF CORRESPONDENCE BETWEEN PRIME MINISTER AND PREMIER OF QUEBEC—GOVERNMENT POSITION

Hon. John B. Stewart: Honourable senators, on Tuesday, September 15, Senator De Bané and I asked questions concerning certain alleged correspondence between the Prime Minister of Canada and the Premier of Quebec. The Leader of the Government in the Senate said that he had seen a copy of *La Presse* and that he therein read that *La Presse* had obtained copies of an exchange of correspondence between Prime Minister Mulroney and Premier Bourassa. He then went on to say:

> I would have to make inquiries as to whether there has been such an exchange of correspondence, after which I might then be in a position to answer the rest of the question as to whether the two governments think it appropriate to table that exchange of correspondence at this time.

My question to the Leader of the Government in the Senate is the one I asked some nine days ago: Was there such an exchange of correspondence? If there was such an exchange of correspondence, will the government table that correspondence at this time?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the short answer is "yes" to both questions. I saw the letters in question between the Prime Minister and Premier Bourassa. The Prime Minister is perfectly willing to have his part of the correspondence tabled. I do not have explicit permission from Quebec to do this, but I have reason to believe that they tabled their part of it this correspondence the National Assembly. So I must assume that they would have no objection to our doing so here, and I will do so as soon as I can get the copies together.

Senator Stewart: I thank the minister.

COST AND MEANS OF FINANCING REFERENDUM

Hon. John B. Stewart: Honourable senators, I have another question. Is the Leader of the Government able to tell the Senate the government's calculation or estimate of the cost of conducting the constitutional referendum?

Hon. Lowell Murray (Leader of the Government): I am sorry, but I do not have those figures in my head. I would have to check, but there must be an estimate—I would think there would be. We would have to bring in a Supplementary Estimate—or something of the kind—for the Chief Electoral Officer, if it is not already covered in his budget.

• (1430)

Senator Stewart: To some extent the minister has anticipated my follow-up question, and that question is: To what vote in the appropriation acts enacted earlier this year will the cost of the constitutional referendum be charged? If no provision has already been made in the Estimates, why was an appropriation bill not brought in to cover this important expenditure before both houses adjourned for the duration of the referendum campaign, and is it the intention in the interim to finance the referendum by Governor General's Special Warrants?

Senator Murray: Good questions, honourable senators.

Senator Stewart: The implication being that there is no answer available at this time.

CHARLOTTETOWN ACCORD—DEFINITION OF SUPPLY BILL—REFINEMENT OF DEFINITION IN SUBSEQUENT ACCORD—GOVERNMENT POSITION

Hon. Douglas D. Everett: Honourable senators, I have a question for the Leader of the Government. When I spoke on the referendum bill, I raised the possibility that, because of the wording within the Charlottetown accord, it was possible that an appropriation rider could be added to what was otherwise an ordinary bill, thereby turning it into a supply bill under the definition of the act. Of course, if that happened and that bill were defeated in the Senate, it would not go to a joint sitting. All the Senate could do is give it a 30-calendar-day hoist.

The government leader has raised the point that the language of the Charlottetown accord is clear, and that therefore that sort of process could not occur because the definition of supply bills would be confined to budgets, major borrowing bills and the appropriation bills arising out of the Main or Supplementary Estimates.

The problem I have with that explanation is that a decision as to whether or not a bill is a supply bill is made by the originator of the bill, which in most cases would be the government, and the appeal is to the Speaker of the House of Commons, who may make the final decision, and who only has to consult with the Speaker of the Senate.

I believe that the result of a legal interpretation would be that the decision of the Speaker of the House of Commons would dispose of the matter and it would not be subject to further appeal or judicial reckoning. In that light, can the government leader tell us whether there will be a subsequent accord in respect of this matter, so that the definition of supply bills will be confined to that very narrow definition that he considers to be in the accord but which under legal interpretation, I am sure, is not in the accord—that is, that supply bills will only refer to budgets, the major borrowing bill and major appropriation bills arising out of the Main and Supplementary Estimates?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not know whether the further definition which obviously will be required here will be the subject of a federal-provincial, territorial, Aboriginal accord, and therefore be put in the Constitution, or whether it will be a matter for Parliament to decide under its own rules. However, I should like to read paragraph 13, page 6 of the Consensus Report, or at least the relevant part of the paragraph:

> Revenue and expenditure bills ("supply bills") should be defined as only those matters involving borrowing, the raising of revenue and appropriation as well as matters subordinate to these issues . . .

So far so good. Then there is this next sentence which I think is important because it gives an example of the sort of thing that the definition of supply bills should exclude:

> This definition should exclude fundamental policy changes to the tax system (such as the Goods and Services Tax and the National Energy Program).

So there would not seem to be any danger that by bringing in that kind of tax initiative, say under the heading of a budget or appropriation bill, a government could get away with having them defined as supply bills. The intent is very clear; that is, to narrow the definition of what constitutes a supply bill.

Senator Everett: I agree that it should not be the subject of a further accord between the provinces, the federal government and the Aboriginals, and that it is sufficient for the federal government to declare its intention in that regard.

However, as the government leader well knows, the definition of appropriation bills as we know them today includes a number of ordinary bills to which an appropriation rider is attached, and Royal Recommendation is received thereby. He would be right in his interpretation if there were not a further clause saying that the decision as to what is or is not a supply bill is made by the originator of the bill, with appeal for final decision only to the Speaker of the House of Commons.

I would certainly recognize that this government probably would not misuse that right, but I think it is important, so that at least we have a usage, that this government go on record as saying that the definition of "supply bill" is confined to those major matters so that it will not, in the hands of an aggressive government, be used to turn ordinary bills into supply bills, thereby changing the power of the Senate so that it could only handle what would otherwise be an ordinary bill on the basis of purely and simply a 30-calendar-day hoist.

Senator Murray: Honourable senators, I take it that the honourable senator agrees that that definition should not be part of the Constitution, but rather, that it should be for Parliament to decide. In that context I would take the honourable senator's point, and I will inquire as to what the state of the drafting on that particular item may be. If there is some further information that I can usefully and properly bring in here, I will do so.

CHARLOTTETOWN ACCORD—DEFINITIONS OF FINANCIAL BILLS—RELATION TO POWERS OF SENATE

Hon. John B. Stewart: As a follow-up question, may I ask if it would not be true that the definition of an appropriation bill—or indeed of a tax bill which would make a fundamental policy change—relates directly to the powers of the Senate? Since the powers of the Senate are a matter of constitutional law, those definitions should be included in the constitutional law, rather than as matters subject to the rules of the House of Commons or left to the discretion of the Speaker of the House of Commons.

Hon. Lowell Murray (Leader of the Government): I appreciate that point, too, which is why I ducked the earlier question of whether this further definition will be put in the Constitution or whether it will be a matter for Parliament to decide. The honourable senator knows that the role of the present Senate is defined to some extent in the Constitution Act, 1867, but also in our own rules, procedures and conventions that have grown up over years.

Senator Frith: "Our" meaning the Senate, or including the House of Commons?

REFERENDUM QUESTION—REQUEST FOR COPY OF TREASURY BOARD MEMO

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I understand that a memo went out recently from the President of the Treasury Board, Mr. Loiselle, regarding the participation of civil servants in the referendum debate and issuing warnings to them. Can the minister provide us with a copy of that memo?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall make inquiries.

UNITED NATIONS

PEACEKEEPING IN YUGOSLAVIA—EMERGENCY AID IN SOMALIA—COMPARISON OF CANADIAN CONTRIBUTIONS—GOVERNMENT POSITION

Hon. Eymard G. Corbin: Honourable senators, we heard on the news this week that the United Nations would like Canada to send an additional contingent of 1,200 men and women of the Canadian Armed Forces to the conflict area of former Yugoslavia. Has cabinet made a decision on that request?

• (1440)

Hon. Lowell Murray (Leader of the Government): No, honourable senators.

Senator Corbin: Recently, with respect to that same conflict, the view was expressed that there is—and I do not belittle the fact—a hard winter awaiting the citizens of the area, and therefore an appeal was made for extra help.

In the southern hemisphere there is the situation in Somalia, where, it has been said, as many as 1 million people risk starvation and death.

Is the Canadian effort to relieve hunger in Somalia as eager as the Canadian effort to help abate the conflict in former Yugoslavia? I am not belittling either of the efforts, but it seems to me that we have been lying a little too low with respect to Somalia, in view of the very real need there. I think the need there is much greater than it is in the war-torn zone of former Yugoslavia. Besides, who are we Canadians? Europe has some of the richest nations in the world. Are they doing their fair share in trying to abate that conflict? Instead of sending additional troops to that zone, should we not be focusing on the plight of the approximately 1 million Somalis who risk death?

Senator Murray: Honourable senators, perhaps my friend would permit me to go back to the first part of his question, relating to Yugoslavia. There has been no new decision taken by the government in this respect. There was a decision announced some time ago to send 1,200 additional troops to Bosnia. I think the honourable senator was aware of that, because it is a matter of public knowledge.

[Senator Murray.]

I may also say that 15 RCMP officers have been sent there to join 30 others who have been there since May. They will remain for eight months to work with local police forces to help the residents.

With regard to Somalia, we were among the very first countries to provide humanitarian aid. Further to that, we are at the forefront in providing troops in order to do what we can to ensure that the humanitarian aid gets through to the people for whom it is destined.

I can give the honourable senator the pertinent figures. Since January we have provided over $18 million in emergency aid; we have pledged our fullest support to the Secretary-General of the United Nations for U.N. efforts to bring the fighting to an end and to bring relief to famine victims; we are providing up to 750 Canadian forces troops to protect humanitarian operations in one of the four zones for U.N. operations in Somalia.

Of course, as I think the honourable senator knows, we have also provided refuge to more than 11,000 Somalis who have fled from the war in their country.

The Hon. the Acting Speaker: I wish to advise honourable senators that the time for Question Period has expired.

ORDERS OF THE DAY

AN ACT TO AMEND CERTAIN ACTS IN RELATION TO PENSIONS

AND TO ENACT THE SPECIAL RETIREMENT ARRANGEMENTS ACT

AND THE PENSION BENEFITS DIVISION ACT

THIRD READING—DIVISION DEFERRED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Oliver, for the third reading of Bill C-55, to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act.

Hon. C. William Doody: Honourable senators, yesterday, after Senator Frith spoke, I adjourned the debate, with the cooperation of my colleagues, to examine the text of Senator Frith's comments in order that I might be able to reply with some assurance and comfort that I knew exactly what he had said.

I do not have a great deal to add to the comments made by Senator Teed at second reading of this bill; however, there are a few things that I should like to emphasize.

The bill was never intended to cure all of the problems, real or perceived, with the pension plans that are the federal government's responsibility. From the outset, the government has

stated that the bill has two purposes: the first is to ensure that the federal pension plans comply with the rules of the Income Tax Act and the regulations as they apply to registered pension plans in Canada—so this bill is primarily a compliance bill; the second purpose of the bill is to deal with a number of long-standing fairness issues which affect the financial security and well-being of both active and retired plan members.

Some examples of this are as follows. Pension coverage has been introduced for part-time public service employees, many of whom are women who are trying to balance the demands of family and career. Also, the bill provides for an early retirement program for the operation of employees of Correctional Service Canada who work in a particularly stressful environment.

I should also like to mention the proposed changes to the leave-without-pay provisions for the public service, Canadian Forces and RCMP pension plans, as well as improvements to the life insurance coverage provided under the supplementary death benefit plans for the public service and the Canadian Forces.

Honourable senators, I believe that the Pension Benefits Division Act that would be enacted by Bill C-55 is an encouraging step toward the modernization of the public service pension plan. Pensions are viewed as family property in most, if not in all, provincial jurisdictions in Canada and the Pension Benefits Division Act would recognize this by permitting a plan member's pension credits to be divided on marriage breakdown.

Bill C-55, as senators are aware, was studied by the Standing Senate Committee on National Finance. At this point, I should like to express my thanks to the senators and witnesses who participated in that process. Witnesses voiced concerns that they wanted to bring to the committee's attention.

It seems to me, honourable senators, that criticism of the bill was mostly toward that which was not in the bill rather than that which the bill contained. The exception to this general pattern was the so-called regulatory nature of the bill, in particular the regulation-making authorities relating to tax compliance to which Senator Frith referred yesterday, which gave me pause and resulted in my delaying the third reading motion until this afternoon.

Several people, both in letters and in personal appearances, voiced concerns about the regulatory powers of the bill. Having read the "blues" and consulted yesterday with department officials and people in the minister's office, I find that these concerns are the very concerns that were raised in the committee and addressed by amendments that were approved by the House of Commons legislative committee. The amendments specifically limit the scope of regulations enacted to accomplish tax compliance to the requirements of the Income Tax Act and regulations as they stood on January 15, 1992.

● (1450)

They also state that no regulation made for tax compliance purposes may reduce any benefit, including indexing, accrued prior to the date the regulation is made.

A letter from Mr. Walsh, who is legislative counsel to the House of Commons committee, confirms that, and there was a press release of the Minister around mid-April which also reinforces that statement. The amendments made in the House of Commons, of course, clarified the government's position on this matter.

Some witnesses requested improvements to the survivor benefits that are provided under the public service pension plans, and some raised questions about the discretionary powers that the existing statutes confer on the Treasury Board in certain circumstances for the purposes of determining who shall receive the surviving spouse's pension.

This matter is dealt with in the report of the committee, and the committee very strongly urges that the department deal with this matter as quickly as possible. It seems to be a matter of basic fairness that the pro rata treatment of spousal benefits should be put into effect as soon as possible.

Indeed, it is not a matter that would cost the government or the pension plan more money, as was pointed out in the brief that was presented by the Committee for Spouses and Children's Pension Survival and Related Benefits. This should not cost more but less, as latter-day partners are known to be statistically younger with a longer anticipated mortality factor than the longer-term spouse. It would seem not only to be a matter of fairness but, in matters of proper management of the plans, this item should be dealt with as soon as possible.

There were other, more complicated matters that were raised that perhaps the Treasury Board may have to wait longer to enact, but I would urge them to deal more expeditiously with this and other items that are not matters of great cost, or matters that have not been investigated in terms of cost.

Other witnesses were heard who did not feel that the proposed Pension Benefits Division Act went far enough, although they conceded it was a step in the right direction. There were witnesses, too, who felt that the proper way to deal with the pension plan was through a joint employer-plan member pension management board. In light of the previous pension advisory board's consultation record, this seemed to make a great deal of sense to the committee. The previous advisory board, we were told, had not been consulted since 1986, and had not been involved at all in the recommendations that are enacted in this particular bill.

It would seem, however, that now the newly-appointed board will be involved in a far more comprehensive manner—they could hardly be involved in a less comprehensive manner—and they will be consulted on an ongoing basis. I think that might go a long way towards meeting the concerns of many of the groups that we listened to.

There is another concern, of course, and that is that small groups, people who are not represented by powerful groups such as the public service unions and so on, are not represented in person on the advisory board. Perhaps the ministry might consider a series of open meetings where representations could be made by these groups so their concerns could

be heard during the compilation of further changes to the Pensions Act.

There were various private witnesses from whom we heard who had grave concerns. Several of their cases were very complicated indeed, and are deserving of a great deal of investigation and inquiry. Perhaps this might be a good subject for the National Finance committee to look at in terms of a study.

There was a particular witness, Mr. Lewis, who gave a most articulate and touching presentation on his own particular case. Then a Mr. Black spoke of the disabilities side. There was another gentlemen who felt that we should turn over the management of the pension funds to the individuals involved so that they themselves could make their own decisions as to how they wanted funds invested, whether they wanted to put them into RRSPs or into savings accounts or into whatever.

Some of these concepts were so far-reaching, new and outgoing that the committee felt this was not really the time to —

Hon. Royce Frith (Leader of the Opposition): "Outgoing" in this case is not a synonym for "far out"?

Senator Doody: "Outgoing" in this case is exactly what it says. I appreciate the editorial effort, but I will not take the honourable senator up on it.

Let me conclude by saying that the minister and the officials have described this bill as being only the first step in the public service pension reform process. The minister has promised us that once this bill is passed, a comprehensive review of the fundamental elements of the public service pension plans will be conducted. We are hopeful that this will occur sooner rather than later.

With these few comments, honourable senators, I commend this bill to the Senate for passage and third reading.

Hon. Philippe Deane Gigantès: Will the Honourable Senator accept a question or two?

Senator Doody: I will accept a question, but I cannot guarantee a reasonable answer.

Senator Gigantès: You said that in matters of indexing, a regulation affecting indexing cannot have retroactive effect. Is that what I understood?

Senator Doody: I do not know what you understood, but I think that is close to what I said, yes.

Senator Gigantès: Does that mean that a public servant who resigned on August 1 cannot have his future indexing affected?

Senator Doody: That is a technical question that I do not intend to get involved in.

Senator Gigantès: Surely it is important.

Senator Doody: Of course it is important.

Senator Gigantès: Someone who resigned several years ago cannot have increases in his pension due to indexing taken away from him. That is what you said, as I understood it. Can someone who retired before the regulation was instituted have his future indexing affected? It seems an important question to me.

I have another important question. Has there been any thought of letting the public servants whose indexing is being taken away start their own indexing fund? It is a very small amount of indexing that is actually affected by these changes. I believe it amounts to about 1.2 percent of the salaries that public servants are paid. What if existing public servants were to say, "Okay, we will take over the government's share of that contribution. We will pay it, and we will continue the indexing system at no cost to the public purse." Has such an alternative been considered?

Senator Doody: The whole indexing question is a hypothetical question that has not really been taken into consideration in the legislation. The question was raised as a possibility. It was dismissed by Mr. Walsh, the legislative counsel, as being impossible except through legislation, and that is where it remains. As to what might happen —

Senator Frith: That is overstating Mr. Walsh's opinion a little bit, senator. It was not exactly dismissed.

Senator Doody: I suppose I should have been wise enough to use the preamble of Senator Gigantès and say that in my opinion Mr. Walsh makes it quite clear that deindexing can only be done through legislation, that it cannot be done through amendments to the Income Tax Act or through amendments to this particular —

Senator Frith: In his second opinion, after they talked to him about his first opinion. That is when he started to tighten it down a little bit.

Senator Doody: Senator Frith can prefer to use the first letter, but I would prefer to use the second one. It has a later date. That is the opinion that I have before me, and that is the opinion that the minister has accepted, that the department has accepted, that the committee has accepted, and that I hope this Senate will accept on third reading of this bill.

Senator Frith: It was a bit like Groucho Marx's statement, "Those are my principles. If you don't like them, I have others." That was Mr. Walsh.

The Hon. the Acting Speaker: It is moved by the Honourable Senator Doody, seconded by the Honourable Senator Oliver, that this bill be read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen.

• (1500)

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, pursuant to the *Rules of the Senate*, I move that the vote be deferred until Tuesday next at 5.30 p.m.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Some Hon. Senators: Agreed.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, do the rules provide for deferring the vote until next Tuesday?

Senator Lynch-Staunton: The rule states, ". . . until the next sitting of the Senate . . .", which in this case is Tuesday.

Senator Frith: Except that the adjournment motion has not yet been passed.

Senator Lynch-Staunton: Yes, it has.

Senator Frith: The motion that has been passed is that when we adjourn today, we shall adjourn until Tuesday, September 29, 1992 at two o'clock in the afternoon. The actual adjournment motion has not been made. You will make that at the end of the sitting.

Senator Lynch-Staunton: No, I made the motion.

Senator Frith: No, you did not. The motion you made was that when we adjourn today, we shall adjourn to September 29. The adjournment motion is made when you stand up at the end of the sitting and say, "I move that the Senate do now adjourn." A motion stating that we are adjourning until —

Senator Murray: When we adjourn, or simply rise at 12 midnight, we will have adjourned.

CONTRAVENTIONS BILL

THIRD READING—MOTION IN AMENDMENT—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator MacDonald (*Halifax*), for the third reading of Bill C-46, An Act respecting contraventions of federal enactments.
>
> And on the motion in amendment of the Honourable Senator Bonnell, seconded by the Honourable Senator Hébert, that the Bill be not now read a third time but that it be referred back to the Committee for further study.

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I am sorry our friend Senator Bonnell, who presented this amendment yesterday, is not in his seat at the moment. I will have to oppose his amendment and to make some comments on it. Those comments, I think, will not be terribly contentious.

The amendment that Senator Bonnell proposed yesterday states, in part:

> . . . the Bill be not now read a third time but that it be referred back to the Committee for further study.

There is plenty of precedent for this kind of amendment at third reading, and thus the proposed amendment is perfectly in order. Having said that, however, I want to suggest to honourable senators that there is a sense in which the amendment proposed by Senator Bonnell is rather irregular.

In his brief remarks before proposing the amendment, Senator Bonnell explained that he wanted to send the bill back to the Standing Senate Committee on Legal and Constitutional Affairs so that the committee could consider inviting representatives of provincial and territorial governments to appear before that committee to give their views on the bill.

However, I find that this very matter had already been considered by the committee at its meeting of September 22 — indeed, on a motion put by Senator Bonnell -- and that the committee had rejected that motion.

Further, unless I am mistaken, the committee had unanimously agreed to report the bill without amendment. I therefore find it a bit irregular that Senator Bonnell would return to the charge again when the bill arrived here for third reading and attempt to send the bill back so that the committee could consider something that it had already considered and resolved at a previous meeting.

I underline this because the particular course that he wanted the committee to consider, that is, inviting representatives of territorial and provincial governments to appear before the committee to give their views on the bill, is covered in Appendix I of the *Rules of the Senate*, which states:

> That, whenever a bill or the subject-matter of a bill is being considered by a committee of the Senate in which, in the opinion of the committee, a province or territory has a special interest, alone or with other provinces or territories, then, as a general policy, the government of that province or territory or such other provinces or territories should, where practicable, be invited by the committee to make written or verbal representations to the committee, and any province or territory that replies in the affirmative should be given reasonable opportunity to do so.

Appendix I of the Rules of the Senate makes it quite clear that it is the opinion of the committee that determines the decision whether provincial and territorial governments should be contacted on a particular matter. As I say, the Standing Senate Committee on Legal and Constitutional Affairs had already expressed its opinion on that matter on Tuesday, September 22.

Senator Frith: In a report to the Senate?

Senator Murray: The report was on the bill itself. The bill was reported without amendment, but I am sure the minutes of the committee would show that Senator Bonnell had made a motion to have the provinces and territories contacted and invited if they wished to appear, and that the motion had failed in the committee.

Senator Frith: So it is your opinion that the Senate has no jurisdiction in this matter whatever, is it?

Senator Murray: That may be putting my opinion a bit more strongly than I would myself. However, I do find it a bit irregular, because the committee had already taken that decision.

In this regard, I refer to *Beauchesne's* Sixth Edition, Citation 822, which states:

> Procedural difficulties which arise in committees ought to be settled in the committee and not in the House.

Further to that, and just by way of discussing this practice of inviting representatives of provincial and territorial governments to appear before committees, when the Honourable Senator Molgat was chairman of the Standing Senate Committee on Standing Rules and Orders, and that committee brought in this Appendix I back on May 28, 1985, the report stated, first, that the motion should not become a formal rule of the Senate but that it should be observed by committees of the Senate as a general practice.

When he was commenting on his report on May 30, 1985, Senator Molgat said, as reported at page 956 of the *Debates of the Senate:*

> To make this practice effective, of course, will be the responsibility of individual senators and particularly that of committee chairmen, who would be expected to look at all bills coming before their respective committees to see whether or not there are provincial or territorial considerations and, where applicable, to so notify the affected provincial and territorial governments and arrange for their appearance before the committee.

Honourable senators, as I say, I do not wish to make a federal case of all this, the committee having already decided the matter. However, I do not think it appropriate or useful to send the bill back to the committee to ask that committee to consider something that it has already considered and decided in the negative.

I have not had the opportunity to discuss the matter since yesterday with the chairman of the committee, Senator Nurgitz. It may be that as chairman of the committee he will want to make some comments additional to those that I have made. Since we have already agreed -- or certainly since we have an understanding — that we would probably dispose of the bill today or Tuesday, perhaps the best course for me would be to adjourn the debate in the name of Senator Nurgitz against the possibility that he might want to add something to what I have said.

[Senator Frith.]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I have no objection to having the debate adjourned in the name of Senator Nurgitz. I will have some comments to make at that time because I find myself in disagreement with Senator Murray's proposal that the Senate is a captive of its committees, that, the committee having made a decision, the Senate is then obligated to accept it and cannot send the matter back. I am, however, prepared to have the debate adjourned.

On another point, I do not think an agreement exists that this will be disposed of on Tuesday. It was proposed, and we will consider that, as I have brought the matter up with my caucus. I do not want any misunderstanding to the effect that I have made an agreement.

On motion of Senator Lynch-Staunton, for Senator Nurgitz, debate adjourned.

AN ACT TO AMEND CERTAIN ACTS IN RELATION TO PENSIONS

AND TO ENACT THE SPECIAL RETIREMENT ARRANGEMENTS ACT

AND THE PENSION BENEFITS DIVISION ACT

THIRD READING, ON DIVISION

On the Order:

> Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Oliver, for the third reading of Bill C-55, to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, if I may return to the matter of Bill C-55, I should like to make a small point with respect to the deferral to Tuesday. The rule book says that either Whip may request that the standing vote be deferred. I did not realize that my honourable friend the Deputy Leader of the Government was also the Whip of the government.

Hon. John Lynch-Staunton (Deputy Leader of the Government): I do stand corrected, honourable senators. I should have checked the rules first. Senator Doyle is the Acting Whip in the absence of Senator Kelly. Perhaps he could regularize the motion which I should not have made.

Hon. Richard J. Doyle: I apologize for my dereliction and make the appropriate motion.

Hon. Royce Frith (Leader of the Opposition): The rule says that the Whip may request—not move, but request. It does not refer to anyone other than the Whip. There is nowhere in the rules that says "Whip" shall include Acting Whip or someone acting on his or her behalf.

Do I understand that the Chair has made a ruling that the deferral of the vote on Bill C-55 was properly made under rule 68? The request was not made by the Whip and could not be made by either Whip because neither of them is here.

The Hon. the Acting Speaker: There was no motion made on Bill C-55.

Senator Frith: There was a deferral of the vote, which was moved. That is not, however, a proper motion, because the rules do not say that such a vote can be deferred *on motion.* Rule 68 says it shall be deferred at the request of either Whip.

The deferral of the vote then is irregular unless made at the request of either Whip—an impossibility here because neither Whip is here.

The Hon. the Acting Speaker: Honourable senators, may I have a few minutes to confer with the officers of the Table?

Senator Molgat: I suggest that, rather than making a ruling under a very strict time schedule, it would be more advisable if you took the time and reported back at the next sitting.

I propose that because, under our rules, when a decision is rendered by the Speaker, it becomes a precedent; hence I do not think we should establish precedents on the spur of the moment. It will not change the situation whether you rule now or on Tuesday.

Senator Lynch-Staunton: Rather than prolonging this debate, which I do not find very edifying, on the issue of whether we have Acting Whips or no Whips, I suggest we just move to the vote at this time. We withdraw our request to defer the vote.

Senator Frith: To clarify the record, we only need consent to withdraw the request for deferral. You have unanimous consent to withdraw that. That brings C-55 before us again. Please put the question, Mr. Speaker.

The Hon. the Acting Speaker: Honourable senators, it is moved by the honourable Senator Doody, seconded by the honourable Senator Oliver, that Bill C-55 be read the third time now.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "yeas" have it.

Some Hon. Senators: On division.

Motion agreed to and bill read third time and passed, on division.

JUSTICE

ELIMINATION OF RACISM

Hon. Noel A. Kinsella rose pursuant to notice of Monday, June 15, 1992:

> That he will call the attention of the Senate to steps that can be taken for the elimination of racism and all forms of racial discrimination and the setting in place across Canada of a common standard of zero tolerance for racism under any of its ugly guises.

He said: Honourable senators, we use this inquiry to draw the attention of the Senate to steps which can be taken for the elimination of racism and all forms of racial discrimination and the setting in place across Canada of a common standard of zero tolerance for racism under any of its guises.

Racism is a contradiction to the Canadian adventure in this global community of our era. It is noteworthy that the common standard that we seek can be found in the Charlottetown Consensus Report, for on page 1, under the proposed Canada clause, we read that the Constitution of Canada will be interpreted by the courts, including the courts' interpretation of the Canadian Charter of Rights and Freedoms, in a manner consistent with a number of fundamental characteristics. One of the fundamental characteristics is found in section (e) which states:

> (e) Canadians are committed to racial and ethnic equality . . .

Here we have the articulated norm to be the guide, the light, in a reinforced, renewed fashion in our renewed Canada.

When I placed this inquiry on the Order Paper last spring before we recessed, I did not expect that events would unfold in the way they have—indeed to the extent that we would find the first ministers from across Canada, the leadership of the Aboriginal peoples and the leadership of our two territories binding together and articulating for us the kind of national norm which I believe needs to be set in place.

Canadians are also committed to the building of a strong Canada that reflects our cultural and racial diversity. That, too, is a constitutional guiding norm which the Charlottetown accord articulates for us. Therefore, in a very special and timely way, we have the Charlottetown constitutional accord upon which Canadians will be called to vote on October 26 as to whether or not to accept this vision of a renewed Canada.

In the renewing of any institution there is always a certain amount of fear, anticipation and reservation. The renewal, during the early sixties, of the Roman church, was met with great hesitation and fair anxiety. Indeed, they had their Monsignor Lefebvres, and we will have ours as we go through our renewal, our *aggiornimento.*

I believe, honourable senators, that we have here in the Canada clause a major achievement in the putting in place of a national norm. The courts will be guided by this norm in their interpretations of our entire Constitution, including the Canadian Charter of Rights and Freedoms, which also articulates in

section 15, clearly and directly, that all Canadians are equal before and under the law, irrespective of race. We also have section 27 which says that the courts are to be guided in the interpretation of our charter by our multicultural heritage.

However, the constitutional expression of the Canadian norm or value relating to the rejection of racism must find expression in the neighbourhoods of our great land. It must find expression on the street corners. It must find expression at the grass-roots level of Canadian society.

We have been witness, over the past several months, to far too many racist incidents: the desecration of Jewish tombstones, the spread of hate literature against minority groups, tensions in the workplace and difficulties in policing a culturally diverse society. These acts of racism run counter to the democratic values which Canadians not only hold dear but are now prepared to see expressed in the renewal of our Constitution.

Honourable senators, in order to give everyday expression to our rejection of racism it is necessary to take steps to combat racism at all levels of our society. The first step in the battle against racism is a frank acknowledgment of its existence in our communities. As parliamentarians from all parts of Canada, whether in the Senate or in the other place, each of us should use every opportunity to denounce the evils of racism.

• (1530)

Honourable senators, we know that the mere admission of the existence of racism in our midst is not enough. All sectors of our society must be activated in the attack on racism, and this can be prosecuted on at least three levels.

The first level is that of our self-perception. Canadians need to see themselves as a pluralistic group bound together not by the colour of their skin, but rather by their shared values and the challenge of nation building. Again, the articulation of that shared value in the Canada clause is a happy occurrence, in my judgment.

Honourable senators, in 1986, visible minorities in Canada accounted for 3 per cent of the population. Demographers tell us that by the turn of the century the number will be more like 13 per cent of the Canadian population. That is obviously a remarkable growth. The implications of this diversity —

Senator Frith: "Visible" means non-white, does it?

Senator Kinsella: Not non-white.

Senator Frith: It means not non-white?

Senator Kinsella: Exactly. As we walk the streets of Toronto today and reflect upon a few years back —

Senator Frith: Or better yet, ride the subway.

Senator Kinsella: Indeed.

Senator Simard: Stop mumbling, Senator Frith, please.

Senator Kinsella: We can look at this as an awesome, fearful experience, or we can see it as an exciting challenge for a metropolitan society. Our Constitution will express a value

[Senator .]

that says we are guided in a direction that will lead us to follow the route of the latter: an exciting challenge in a global community, a metropolitan society, the great Canada that shares orientations of peoples from all corners of the earth.

It is encouraging to learn, honourable senators, that a 1991 survey demonstrated that nine out of ten Canadians said that shared values are more important than differences in skin colour and that our shared values are important in bringing people together as a nation. Two-thirds of Canadians said, right off the top, that discrimination against non-whites is a problem in Canada. So in terms of self-perception, this awareness is growing.

The second level of action in the elimination of racism and the setting in place of zero tolerance for racism under any of its ugly frameworks is the need to build on the enacted human rights and anti-discrimination legislation that has been set in place over the past 20 years. Anti-discrimination legislation in the provinces and at the federal level was a major achievement of the late sixties, seventies and early eighties, but we must build on that infrastructure. We must build on the Canadian Multiculturalism Act, an act passed by this chamber a couple of years ago. We need to see the seed of growth that underlies the law, whether it be statutory or through jurisprudence. The norm and the value that the Canada clause will give as guidance to the courts will help in that growth.

Honourable senators, we must be proactive by increasing public awareness of the evil of racism through public education initiatives, helping institutions to become more open and to eliminate systemic discrimination. We must also be open to partnerships by supporting advocacy and being a partner with the many voluntary organizations and coalitions made up of Canadians who give so generously of their time in their communities.

Honourable senators, we must discover more about racism and how to combat it. We must take action against racism within government itself, working with all levels of government.

Canada became party to the International Convention on the Elimination of all Forms of Racial Discrimination and joined the world community by marking March 21st each year as the International Day for the Elimination of Racial Discrimination. Those programs initiated by the Minister of Multiculturalism and Citizenship to take place on and around the March 21st date in our own country must be encouraged. I would certainly encourage the continuance of the public education activities developed in the past few years and focused around March 21st.

The third level of practical action is to be prepared to deal effectively with any manifestation of racism. Honourable senators, it is disconcerting when we find it necessary—but on the other hand somewhat reassuring—to find voluntary groups across Canada prepared to be frank and open about what we are dealing with here. The League for Human Rights of B'Nai B'rith published a pamphlet called "Guidelines for

Community Action: Responding to Anti-Semitism." It gives practical steps in the area of community liaison and legal and legislative activities. It draws the attention of Canadians to the dangers of standing back and accepting any manifestation of racism.

We are talking about zero tolerance for racism or anti-Semitism. If there are any acts of vandalism relating to a synagogue, school or cemetery, one should call the police and be quick to remove any of the graffiti and secure a local response. One should not tolerate harassing telephone calls; one should not ignore literature appearing in mailboxes that is racist and anti-semitic in thrust; and we should not stand by idly when groups gather to promote activities of this sort.

One area of front line action is in the field of policing. More and more we are realizing that policing minority relations must be continually worked on. Helpful in this regard is the recently opened Canadian Centre for Police Race Relations, where the centre's mandate is to promote positive relations between the police and members of Aboriginal and visible minority groups. It is to do this by assisting in the prevention of incidents characterized by racism or racial discrimination, and by encouraging more appropriate and effective police response to diversity.

The Hon. the Acting Speaker: Honourable senators, I must inform the honourable senator that his time has expired.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I suggest, honourable senators, that we give the honourable senator leave to continue.

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

Hon. Senators: Agreed.

Senator Kinsella: In closing, I would emphasize that what we are speaking to here today, in our desire to set in place zero tolerance for racism in our country, is the responsibility of each and every Canadian. I close by underscoring the happy coincidence that the Charlottetown accord lends weight to our proposal that there be set in place a national norm for zero tolerance of racism.

The Hon. the Acting Speaker: If no other senator wishes to speak, this inquiry is considered debated.

The Senate adjourned until Tuesday, September 29, 1992, at 2 p.m.

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THE SENATE

Tuesday, September 29, 1992

The Senate met at 2 p.m., Senator Gérald J. Comeau, Acting Speaker, in the Chair.

Prayers.

DISTINGUISHED VISITOR

CLERK OF THE PARLIAMENTS OF THE UNITED KINGDOM

The Hon. the Acting Speaker: Honourable senators, I wish to present to you a distinguished visitor whom we are honoured to have serving at our Table today—Mr. Michael Wheeler-Booth, Clerk of the Parliaments of the United Kingdom.

Michael Addison John Wheeler-Booth was appointed Clerk of the Parliaments of the United Kingdom in 1991.

He was born on February 25, 1934, the son of Addison James Wheeler and Mary Angela Wheeler-Booth, née Blakeney-Booth. Mr. Wheeler-Booth was married in 1982 to Emily Frances Smith and has one son and two daughters.

Michael Wheeler-Booth was educated at Leighton Park School and attended Magdalen College, Oxford, where he obtained his M.A. His career with the House of Lords has been of longstanding. He entered as a clerk in the Parliament Office in 1960, was seconded as Private Secretary to the Leader of the House and Government Chief Whip in 1965, and was again seconded as Joint Secretary to the Inter-Party Conference on House of Lords Reform in 1967. He then served as Clerk of Journals from 1970 to 1974, and again from 1983 to 1990. He served as Chief Clerk of the Overseas and European Office in 1972, became Principal Clerk in 1978, served as Reading Clerk in 1983 and was appointed Clerk Assistant in 1988.

Honourable senators, please join me in welcoming Michael Wheeler-Booth.

Hon. Senators: Hear, hear!

Senator Lynch-Staunton: Honourable senators, in the absence of the Government Leader in the Senate, Senator Murray, who is detained at a cabinet meeting, I wish to join in welcoming Mr. Wheeler-Booth, and tell him how delighted we are that he is with us here today.

I find it particularly interesting that Mr. Wheeler-Booth is here in this country at a time when we are actively discussing constitutional proposals which include many that touch upon the reform of the Senate, but none on the role or responsibility of our Table Officers. No doubt this is a tacit recognition that whatever the composition and responsibilities of a legislature, the stability and continuity provided by its key legislative officers must remain.

I know that we will benefit a great deal from his presence here, and I trust that the shared experiences will benefit him as well.

I would also add that we have the pleasure of having Mrs. Wheeler-Booth in the gallery, and although it is against the rules for me to recognize her, honourable senators, I hope I can make an exception and say that they are both welcome in this chamber.

Hon. Senators: Hear, hear!

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I join my honourable colleague the Deputy Leader of the Government in extending a warm welcome to Mr. Wheeler-Booth, the Clerk of the Parliaments of the United Kingdom, and to Mrs. Wheeler-Booth, on behalf of myself and the Liberal Party.

I must point out, of course, that this is not the first visit to Canada by Mr. Wheeler-Booth. Indeed, he was a resident of Canada as a child and has some long-time connections with our country.

Mr. Wheeler-Booth will be visiting us for the week, during which time he will be sitting at the Table in the chamber as a visiting Clerk. As we can see, he is here in his full regalia. As some of us observe our own foreheads lengthening, we might conclude that it is suitable garb for others in this chamber.

This is the first occasion on which a visiting Clerk will sit at the Table in the Senate. In fact, it is the first time a visiting Clerk will have sat in either of our chambers, the House of Commons or the Senate. The House of Commons has never had a visiting Clerk. It seems to me that, once again, we in the Senate are in the forefront. We senators are not surprised at that, although our colleagues in the other place might be.

Our own Clerk, Gordon Barnhart, has sat at Tables in other legislatures as a visiting Clerk during various parliamentary visits. The provincial and territorial legislatures of the Northwest Territories, Yukon, Alberta and Saskatchewan have welcomed him at their Tables as a visiting Clerk. Governments in Zambia, Zimbabwe and Sri Lanka have welcomed him at the Tables in their chambers. On a trip to Great Britain, Mr. Barnhart sat at the Table in the House of Commons.

However, although this occasion is not entirely without precedent, this is the first time we have had a visiting Clerk sit at our Table in this chamber.

It is our hope, Mr. Wheeler-Booth, that you will enjoy your visit here.

Hon. Senators: Hear, hear!

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the election clock is still ticking. If the government of which Senator Murray is a member respects democracy, Canadians will cast their ballots within 52 days. However, if, in the words of Senator Murray, the present government is cowardly and contemptuous of democracy, the day of reckoning remains 438 days away.

Perhaps this would be a good time to add a note that might be the subject of some further debate or question. Since the minimum election campaign period is 50 days, the government has already come close to showing contempt for Canadians by not dropping the writ. Even if the writ were dropped today, Canadians would not have an opportunity to vote until the middle of November.

It may well be that the cabinet is now discussing that very subject and so detaining Senator Murray. Perhaps he can tell us about that when he shakes himself loose from those other obligations.

TRANSPORT CANADA

CANADIAN COAST GUARD—STATION CLOSURES IN NEW BRUNSWICK AND NOVA SCOTIA

Hon. Eymard G. Corbin: Honourable senators, I rise to make a statement mainly because the House of Commons is not sitting. I therefore think the Senate should take this opportunity to bring to the attention of the Minister of Transport the concerns of the people who work at the Letete Central Monitoring Station in Charlotte County, New Brunswick.

I am sure that in recent days a number of senators have received correspondence concerning this matter. In any case, I should like to put on the record the first few paragraphs of a statement which indicates the concerns of these Canadians about the decisions which are in the course of being taken with respect to their roles.

> The Canadian Coast Guard is again cutting services and jobs. This time the immediate targets are closure of the monitoring centers at Letete, N.B. (Carlton-Charlotte) and Cape Forchu, N.S. (South West Nova) —

I believe our honourable speaker knows where that is.

> — and the elimination of 8 full time lightkeeper positions. These centers monitor the unmanned lightstations in each area. This work is to be given to Saint John, N.B.
>
> Further unannounced cuts are planned. In Charlotte County, look for the unmanning of Gannet Rock and the long term shelving of the vessel traffic radar for the Fundy Isles area. On a wider scope, aids to navigation (buoys, etc.) will be reduced, as well as service to those aids remaining. Jobs and services are being cut while our local needs are increasing.
>
> This area has hundreds of fish cages —

These are cages in which fish are raised.

> — at dozens of fish farms [on the main land] and growing traffic by fishing and aquaculture interests. Heavy shipping is increasing through local channels as Eastport, Maine and Bayside, N.B. expand as ports. Tourism and recreational boating are both promoted and expanding. This is also a selected site for a federal marine park.
>
> With handicaps like high unemployment (16.8 per cent in July '92), how can local business and industry be developed if government departments dismantle the infrastructure which supports growth?
>
> It seems difficult to impossible to impress with Transport Canada just how severe an impact these station closures have in mostly rural areas. Hardly any person, service, business, or community organization is untouched when an area loses a manned light station.
>
> Repeated rounds of cuts and reviews have cleared all the deadwood. Any savings have been realized.

DAI AL-MUTLAQ

OPPOSITION TO PRIVATE BILL

Hon. Philippe Deane Gigantès: Honourable senators, I should like to know, and perhaps the Deputy Leader of the Government could find out, what justification the Leader of the Government had in asking Senator Atkins to put forward a private bill accepting a petition from a non-citizen. The right to petition Parliament is reserved to Canadian citizens. Yet, the Honourable Senator Atkins presented to us a petition from the Dai al-Mutlaq, for Shiite sects in Bombay, from a man with a record which half his community considers criminal. He wrote and signed the petition in Bombay. It was given to a Tory lawyer; that Tory lawyer convinced the Leader of the Government in the Senate to give the petition to an obviously insufficiently informed, but good-hearted, senator, Senator Atkins, to present to us.

It is disgraceful to have such a petition from a foreigner —especially one with a bad public record, whom half his community abhors, and who is accused of horrible acts, including castration of those who disagree with him—- presented to this honourable chamber. Not only does he not deserve to have his petition heard, but he is not a Canadian citizen as the law provides.

ROUTINE PROCEEDINGS

THE CONSTITUTION

BALANCE OF REPRESENTATION IN ALBERTA AND BRITISH COLUMBIA—NOTICE OF INQUIRY

Hon. H.A. Olson: Honourable senators, I give notice that on Thursday next, October 1, 1992, I will call the attention of the Senate to the fact that Alberta and British Columbia are entitled to a better balance of representation in the revised Constitution than the Charlottetown Accord provides.

THE CONSTITUTION

NEED FOR EXTENSION OF TIME FOR REFORM AGREEMENT—NOTICE OF INQUIRY

Hon. H.A. Olson: Honourable senators, I give notice that on Thursday next, October 1, 1992, I will call the attention of the Senate to the fact that we need more time to reach an agreement on constitutional reform.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have some petitions similar to previous ones, reading in part, "The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your Honourable Senate will therefor provide a remedy."

The petitions then recite the details of the iniquitous goods and services tax and pray and call upon the senators, those that are true representatives of the people, to do everything possible to abolish the new goods and services tax, and demand a general election immediately.

The petitions are from the following locales in Canada: From Ontario; Larder Lake and New Liskeard; from Alberta, Donnelly, Fairview, Falher, Girouxville, Jean-Coté, Manning, Nampa and Valleyview.

The list of cities on petitions from New Brunswick includes Anse-Bleue, Bertrand, Burnsville, Caraquet, Grande-Anse, Le Goulet, Maisonette, Maltampec, Chatham, Connors, Moncton, Nelson, Newcastle, Paquetville, Pointe-Brulée, Pokemouche, Pokesudie, Red Bank , Shippagan, Six Roads, St. Basile, Ste Cecile, St. François, St. Isodore, Tracadie, Trudel and Village Blanchard.

Those from Quebec are from Danville, L'Avenir, Lac Simon, Melbourne, Richmond, Rouyn-Noranda, St. Felix, St. Nicephore, Ulverton and Val d'Or.

The numbers are as follows, honourable senators: From Alberta, 3 petitions with 69 signed names; from Quebec, 12 petitions with 150 names; from New Brunswick, 34 petitions with 684 names; and from Ontario, 2 petitions with 22 names. The totals: petitions, 14; names, 925.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 513 residents of Alberta who object to the goods and services tax.

Most of these petitions are from Pincher Creek, Calgary, Edmonton, Lethbridge, Two Hills and Long View.

Honourable senators, I have the honour to present petitions signed by 125 residents of British Columbia who object to the goods and services tax and especially its application to newspapers, periodicals and books.

Most of these petitions are from Vancouver, Victoria, Vernon, Nanaimo, Burnaby, Surrey and Richmond.

Honourable senators, I have the honour to present petitions signed by 275 residents of Ontario who object to the goods and services tax.

Most of these petitions are from Burlington, Owen Sound, Walkerton, Markdale, Waterloo, Kingston, Ottawa, Orléans, Cornwall, Orillia, Toronto, Pickering, Mississauga, Coldwater, Ajax and Welland.

Finally, honourable senators, I have the honour to present petitions signed by 283 residents of Nova Scotia who object to the goods and services tax.

Most of these petitions are from Louisbourg, Sydney, New Waterford, Glace Bay, Reserve Mines, Dominion and Cleveland.

For the benefit of Senator Murray, whom I do not see here today, I would like to point out that these petitions were signed one month and twenty-one days ago on August 8, 1992.

I know he is interested in these details.

[*English*]

That makes a total of 1,196 Canadian citizens who feel that the more recent miseries in their lives are due to Mulroney's GST.

Some Hon. Senators: Hear, hear!

QUESTION PERIOD

THE SENATE

ABSENCE OF GOVERNMENT LEADER—REFUSAL TO DEFER QUESTION PERIOD

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I am sorry that the Leader of the Government is not here today. I have a question on the constitutional process relating to the absence of a text, and the presence of documentation indicating that the government has

discussed the preparation of a text and the possibility of withholding that text until after the referendum. I want to ask him about that, but I should wait until he is here. I will give him that much notice.

I also have some questions about the Prime Minister's involvement in the Westray mine development in Nova Scotia, and some questions about NAFTA.

I would hope that when Senator Murray arrives, we will be able to revert to Question Period so that we can ask about those issues and get his response today, rather than having to settle for the Deputy Leader of the Government, understandably, being unable to answer questions or having to undertake to refer them to the Leader of the Government.

So I ask now: Will we have an opportunity to ask the Leader of the Government about those subjects later today when he arrives?

● (1420)

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, there is one Question Period during which questions are to be asked.

Senator Frith: That is what I thought; shut it all down and hide.

THE CONSTITUTION

BUDGET OF SPECIAL JOINT COMMITTEE—BREAKDOWN OF EXPENDITURES

Hon. Peter A. Stollery: Honourable senators, I have a short question for the Deputy Leader, and I will ask it because it requires a small amount of research.

During the meetings of the special joint committee on the Constitution, there were five conferences. Senator Beaudoin recently submitted the final budget of the joint committee. On inquiry, I have been unable to obtain any information other than the fact that $8.96 million was allotted for the five conferences. I have been unable to obtain a breakdown of the nearly $9 million—as to how much was spent, whether it was more or less, or just how the money was dispersed. I would be interested in obtaining that information.

FUNDING OF REFERENDUM COMMITTEE—COST OF ADVERTISING

Hon. H. A. Olson: Honourable senators, I want to ask a further question of the Leader of the Government in the Senate with respect to the $20 million that the Government of Canada is spending on TV advertising. I asked a similar question the other day. The question, as recorded at page 2105 of *Debates of the Senate* was:

> **Hon. H.A. Olson:** Honourable senators, perhaps I may ask the Leader of the Government a question with respect to financial support for the so-called Yes Committee that was set up yesterday.
>
> Is any money being taken from the federal treasury, either directly or indirectly, to support that committee?

The Leader of the Government rose to his feet, and his answer was straight and simple: "No, honourable senators."

Honourable senators, an analysis was done by one of the TV networks with respect to advertising techniques, and involving some of the leading personalities in Canada. During that analysis, this very question was discussed. It seems that you can watch TV on both networks at almost any time of the day or night and you will see ads, paid for by the federal government, respecting many things. However, most of them are about unity in Canada, and indirectly refer to the constitutional debate that is going on right now.

The parties involved in the discussion all agreed that there was no ambiguity at all in these ads—not even slightly hinted; that all of them directly involved whether the viewer should vote one way or the other, and that most of them were for the "yes" vote. Here we have the minister answering a flat "no" to my question on that very point.

I then asked him one other question:

> Are there any PCO person-years allocated to that committee?

Senator Murray again said, "No, honourable senators." I would ask the deputy leader to enquire of the Leader of the Government, when he comes into the chamber later today or tomorrow, whether or not he would like to revise that answer a little bit. I do not need to draw a picture for him; he knows the consequences of misleading the house.

● (1430)

Hon. John Lynch-Staunton (Deputy Leader of the Government): In reply to Senator Stollery, I certainly will make the necessary inquiries and hopefully come up with an answer that will satisfy him.

In reply to Senator Olson, I am satisfied with the government leader's answers and I see no need to pursue that topic with him any further.

Senator Olson: Well, I am not.

Senator Lynch-Staunton: Perhaps the honourable senator should ask the leader directly.

Senator Olson: Will the deputy leader convey the notice to him? That is all I ask.

Senator Lynch-Staunton: I am not going to be your spokesman.

THE ECONOMY

INTEREST RATES—GOVERNMENT POLICY

Hon. H.A. Olson: Honourable senators, on September 22, I asked Senator Murray a question about interest rates and the government's policy concerning them. As reported at page 2075 of *Hansard,* Senator Murray stated:

> I should say, by the way, that the latest information I had as I came in here today was that the dollar had rebounded quite considerably on international markets. I

do not know whether the honourable senator had that up-to-date information when he arrived.

Then Senator Olson stated:

> No. It has been quite a few years since I got that sort of up-to-date information. For that information I am grateful to the honourable minister.

Since then the dollar has dropped even further. It is now down to slightly over 80 cents, whereas, at the time of my asking that question it was at approximately 81 cents. Do not misunderstand the question. I am not arguing about that. I make the argument that the dollar should find its own level based on economic factors and that the government and the Bank of Canada should not intercede, which disadvantages some of the people across this country.

However, I should like to ask him if he will give us a little better information than that, because later that week—in fact, on Thursday—the government did allow the Bank of Canada to intercede and to raise interest rates, with all of the consequences of that action; that picked the dollar up for a few hours, but it is now plunging. Is there any relationship between that and the fact that the Prime Minister is going about the country telling everyone that if we do not vote "yes" there will be dire consequences coming to Canada and its economy and the value of its dollar?

Hon. John Lynch-Staunton (Deputy Leader of the Government): These are all questions that the honourable senator wishes to address to Senator Murray. In the time I have been here I can count on the fingers of one hand the number of times that Senator Murray has missed Question Period. He does not miss Question Period on a whim; he misses it because he has a very important meeting elsewhere. I am sure he will be present tomorrow, Thursday, Friday, and next week, if need be. If the honourable senator will be a little patient, he can address those questions to him upon his return.

Senator Olson: In my view there is no higher priority for the Leader of the Government than being here when this house is in session, especially when the other place does not meet at all. Perhaps the honourable senator could also convey that message to him.

THE CONSTITUTION

CHARLOTTETOWN ACCORD—INDIAN SELF-GOVERNMENT—PARAMOUNTCY OF INDIAN LAWS—AVAILABILITY OF LEGAL TEXTS

Hon. Gildas L. Molgat (Deputy Leader of the Government): Honourable senators, I too had some questions for the Leader of the Government. I will ask those questions, but first of all I will simply say that I am quite surprised and, frankly, disappointed that the deputy leader would not agree to defer Question Period until later in the day, which is a common practice here. Had he given us that assurance, I think everything would have worked much more smoothly. We understand that the leader has other obligations and cannot always be here. It seems to me that deferring Question Period would have been an easy answer to the problem; so I am disappointed.

I will put my question in order that the deputy leader can ask the leader to proceed to obtain the information.

My question has to do with an article in a Winnipeg newspaper of September 20. Apparently, Mr. Mercredi, the leader of the Assembly of First Nations, in speaking to a gathering of Manitoba chiefs, said that self-government, guaranteed under the deal, "means Indian law will come first." That is the statement of the press. However, there is a quotation on which I should like some clarification, because there are many questions as to exactly what self-government will mean and many Canadians want that matter clarified.

When speaking to the Manitoba Chiefs, Mr. Mercredi is quoted as saying:

> One of the powers you will have is to make laws to displace federal and provincial laws. There will be a paramountcy of Indian laws.

Could my honourable friend find out if that is true? I suppose this is another case in which the legal texts are very important. If we had them, we could verify whether that is exactly what the legal texts state.

Hon. John Lynch-Staunton (Deputy Leader of the Government): I will be very happy to find out for the honourable senator.

REQUEST FOR TABLING OF CORRESPONDENCE BETWEEN PRIME MINISTER AND PREMIER OF QUEBEC—GOVERNMENT POSITION

Hon. John B. Stewart: Honourable senators, on September 24 I had an exchange with the Leader of the Government in the Senate concerning letters between the Prime Minister of Canada and Premier Bourassa. In his reply, Senator Murray stated:

> I do not have explicit permission from Quebec to do this,—

That is, to table the correspondence:

> — but I have reason to believe that they tabled their part of this correspondence in the National Assembly. So I must assume that they would have no objection to our doing so here, and I will do so as soon as I can get the copies together.

Have the copies been brought together, or is the correspondence so voluminous that five days did not suffice to achieve this end?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Obviously, I do not have the answer to that question either, but I will be happy to follow it up.

COST AND MEANS OF FINANCING REFERENDUM

Hon. John B. Stewart: I asked another question on that day. I asked the Leader of the Government to tell the Senate

the government's calculation or estimate of the cost of conducting the constitutional referendum. Senator Murray commented, "Good questions." Flattered by that comment, I now ask the acting Leader of the Government in the Senate—if indeed anyone is acting on behalf of the government—will that information be available today or will we have to wait until tomorrow?

Senator Lynch-Staunton: Same answer.

CHARLOTTETOWN ACCORD—EXERCISE OF DEMOCRATIC RIGHTS—AVAILABILITY OF LEGAL TEXTS

Hon. Eymard G. Corbin: Honourable senators, the Secretary of State for External Affairs for Canada made what I thought was quite an appropriate speech at the U.N. in New York last week. I suppose one could call it her "state of the United Nations speech." She alluded to our Canadian context, and shortly I will quote from her statement.

I should like the government leadership to take good note of the words of the Honourable the Secretary of State for External Affairs for Canada. She said many good things; it was a good speech. I do not wish to deride it or belittle it in any way. It was in the good Canadian tradition. She said:

> We, in Canada, at this very moment, are engaged in our own process of rebuilding, rededication and renewal. In four weeks, millions of Canadians will exercise the ultimate democratic right by deciding through their votes whether to accept or reject a proposal for fundamental reform of our constitution.

● (1440)

She then went on to say:

> If accepted, and I have no doubt that it will be, this reform will build on the values and rights that are already a proud part of the Canadian reality. It will strengthen existing guarantees and protection for the rights of minorities, improve the functioning of our already highly regarded democratic institutions, bring greater social and economic justice to our native peoples, and reallocate fundamental roles and responsibilities between levels of governments.

She also said:

> I am confident that a strong majority of Canadians will support this reform because it is based on fundamental values to which every Canadian subscribes:
>
> unswerving respect for the rights of the individual, supported by the rule of law;.
>
> a strong and deep attachment to democracy, its values and institutions;

Then she said:

> As Canadians, we have learned that democracy and freedom can only be maintained by vision and constant vigilance.

With respect to this national exercise which we are going through, she entered into the wider debate of strife among and within nations. She said:

> The Secretary-General also made the important link between peace among nations and peace within nations when he pointed out that —
>
> . . . there is an obvious connection between democratic practices—such as the rule of law and transparency in decision making—and the achievement of true peace and security in any new and stable political order.

My question is the following: When will the government present the legal text of the Charlottetown consensus so that Canadians can properly exercise their God-given democratic rights?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, that same question is being asked by many people, in and out of this chamber. I hope an answer to that question can be given, but the person now speaking is not the one who can answer that question today.

Hon. H.A. Olson: Honourable senators, there are many nuances to this same question. One is that the Deputy Premier of Alberta has said, and, I quote:

> Alberta will drop its support of the "yes" side of the constitutional referendum campaign if a full legal text is not available well before the October 26 date.

Senator Lynch-Staunton: Who said that?

Senator Olson: The Honourable Jim Horsman, Deputy Leader of the Government.

Senator Lynch-Staunton: He is not the premier.

Senator Olson: He is not the representative of the government of Alberta? I wish you would say that out loud so that it will appear in *Hansard*. I would like to send him a copy.

Senator Lynch-Staunton: Why don't you quote what Mr. Getty said?

Senator Olson: I heard what Mr. Getty said. Do you know what Mr. Getty is right now? He is a lame duck premier—"lame duck" being the operative words.

Senator Frith: Even then, Horsman was doing all the negotiating.

Senator Olson: I would like to add one other thing: Mr. Horsman says that having the full legal text available is an absolute necessity, and has rejected suggestions that the release of a partial text would be satisfactory.

Just in case you do not think that is enough, he goes a little farther. Mr. Horsman is pushing for the release of the legal text by October 1. That is only a couple of days away.

Mr. Horsman has already seen drafts of the legal text, and I think he thinks that the drafters of the text are fiddling with the agreement in writing the legal text. I will make a speech on that subject a little later on. Bureaucrats down here are fiddling with it.

We want to know from the Leader of the Government if he thinks Canadians are stupid enough to buy some "pig in a poke" while the government fiddles with the legal text. That is really what is going on, and I want to give you notice that I object to some of the things that are happening right now.

Will you carry that message to the Leader of the Government?

Senator Lynch-Staunton: Honourable senators, I would never dare improve on the answer that Senator Olson has given to his own question.

Senator Olson: I did not ask you that question, though. Thank you for that reply, but that was not the question. The question was whether you, as Deputy Leader, will convey that information to the Leader of the Government so that he can be prepared to give us a straight answer to that question.

Senator Frith: You got a smart-alec answer.

Senator Olson: We got a smart-alec answer, and we do not need any more of those. I am just asking you plainly: Will you convey the information accurately to the Leader of the Government, so that he knows to what question we want an answer?

Senator Lynch-Staunton: I am sure the senator can convey the question himself to the Leader of the Government when he is in the house tomorrow for Question Period.

Senator Olson: He needs to know the contents of my question in advance, otherwise he will not be able to do all of the necessary research.

BUSINESS OF THE SENATE

REFUSAL TO DEFER QUESTION PERIOD—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, I have a question for the Deputy Leader of the Government in the Senate; not for the leader, but for the deputy leader.

Earlier today, the deputy leader made the decision that there will be no reference back to Question Period. My question to him is: Was he told to say that by the Leader of the Government or somebody in higher authority, or did he make that decision himself?

Hon. John Lynch-Staunton (Deputy Leader of the Government): The answer is no.

Senator Bonnell: The answer is no? No, you did not make the decision yourself, or you were told to do so by a higher authority?

Senator Lynch-Staunton: All by myself.

Senator Bonnell: Were you told by the Leader of the Government or a higher authority, or did you make that decision yourself?

Senator Lynch-Staunton: Having not had notice that deferral of Question Period would be requested, how could

[Senator Olson.]

higher authorities tell me what to answer to a question they did not know would be asked?

Senator Bonnell: I have another question, then. My supplementary question, honourable senators, is this: I have sat in this chamber for approximately 21 years. In all of that time, governments of either stripe have asked to revert back to Presentation of Petitions, or Notices of Motions, or Notices of Inquiries. Each time, there was always unanimous consent from both side of the house. In all those 21 years, this is the first time that leave has been refused by the Leader of the Government in this house to refer back to an earlier order of business.

Since that decision was made today by the deputy leader rather than by the leader himself, will it be the policy of the deputy leader from now on that there will be no more referrals back?

If that is to be the case, I would remind the deputy leader that, on many occasions, such referrals have been made at the government's request, rather than that of the opposition. We can certainly say "no" in future, and hold up the whole business of this house if that is to be the policy.

Senator Lynch-Staunton: Talk about red herrings! There is no policy of obstruction. The request was made as to whether we could defer the Question Period. My suggestion was that the Leader of the Government is not here today, and it is unlikely that he will be here today. None of these question are so pressing that they must be answered today. Therefore, we will have Question Period tomorrow, since we are sitting tomorrow, or at another time. Why do these questions suddenly become so crucial? From what I have heard, they are not questions at all but merely provocation, for the most part.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, on that point, the matter is much more serious than the deputy leader supposes. He has refused a legitimate request from this side, by the Leader of the Opposition, to revert back to Question Period at a later time.

As my colleague just pointed out, every time that request has been made in the past, to my knowledge it has been acceded to by both sides. We have always been prepared to revert back. This time the deputy leader had decided that he would not give leave. That is, in our opinion, a regrettable step; one that does not assist in the management of this house, and one that I suppose I have to say we will keep in mind in the future.

PRIVILEGES, STANDING RULES AND ORDERS

STATUS OF WORK OF COMMITTEE

Hon. Eymard G. Corbin: Honourable senators, I do not want to be provocative, but I am quite straightforward, believe me. I would ask the chairperson of the Standing Senate Committee on Privileges, Standing Rules and Orders what is happening with respect to the work schedule for that committee.

At our last meeting, we agreed to retain the services of a person—or words to that effect—who would come up with what I suppose we should call a redraft of the current *Rules of the Senate.*

● (1450)

I should like to know if that has taken place, as well as what progress is being made. Is it the intention of the chairperson to call a meeting of the committee soon?

Hon. Brenda M. Robertson: Honourable senators, I would gladly call a meeting of the committee every week the Senate is not sitting, if a quorum could be achieved. However, my assessment of the membership of the committee is that the members would not come in for a meeting of the Rules Committee when the Senate is not sitting.

As soon as we resume our regular sittings, it is the intention of the committee to continue its work.

The Library of Parliament was able to place with the clerk of the committee a gentleman who is presently working with him in looking at the rules in order to bring forward recommendations for the committee when we meet.

As soon as I have additional information, honourable senators, I will circulate it to the members of the committee in anticipation of the debate that we will have. Before the next sitting of the Rules Committee there will be a meeting of the steering committee to consider other recommendations for the approval of the committee.

Senator Corbin: Honourable senators, I thank the Honourable Senator Robertson for her answer, although, in my opinion, she was rather provocative, and possibly presumptuous in concluding too hastily that no senator on this side of the house would agree to attend a meeting of the committee when the Senate is not sitting. I, for one, am prepared, and ready on reasonable notice, to attend a meeting of the committee so long as it does not conflict with other current assignments of the Senate that I may have.

Senator Robertson: I thank the honourable senator. I certainly did not mean to suggest that no senator would come to a meeting of the committee. Perhaps I was in error, but I felt that it would be difficult to achieve a quorum if a meeting were called. However, I would be glad to call a meeting of the committee at any time, although I do not intend to call a meeting until after the referendum vote.

Hon. M. Lorne Bonnell: Honourable senators, for purposes of clarification could the chairperson of the committee clarify for me what she said in answer to Senator Corbin? She said that this employee is working with the clerk. Does she mean the clerk of the committee of which she is the chairperson or the Clerk of the Senate?

Senator Robertson: Honourable senators, the person who has been assigned from the Library of Parliament is working with the clerk of the committee.

Hon. Jacques Hébert: Honourable senators, I should like to ask a question of Senator Robertson. She said in answer to Senator Bonnell that she does not plan for the committee to meet before the referendum vote because it would not be proper and because people will be away. Does she think that other committees of the Senate—for example, the Standing Senate Committee on Social Affairs, Science and Technology—should wait to meet until after the vote on the referendum?

Senator Robertson: Honourable senator, no, I think not. The Rules Committee is not dealing with any legislation that the government is requesting. I believe if there is legislation before a committee then that is another matter. I have always felt that legislation is the first priority of any committee, although I am not sure I am correct in that assumption.

Certainly, if the committee had before it legislation that the government felt important for the work of government, then it would seem to me appropriate that the committee meet, work and dispense with such legislation as expeditiously as possible.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have responses to questions asked on September 16 by the Honourable Senator Frith regarding taxation of low-income earners, and on September 23 by the Honourable Senator Olson regarding the cost of crop losses.

REVENUE CANADA

TAXATION OF LOW-INCOME EARNERS—GOVERNMENT POSITION

(Response to question raised by Hon. Royce Frith on September 16, 1992)

While I do not have enough information to comment specifically on the situation of the individual referred to by the Honourable senator, I would like to note that an elderly person earning $12,500 of income would normally pay $506 in federal tax and $255 in provincial tax. Of course, any special circumstances such as disability, pension income, or amounts transferred from a spouse, would serve to reduce this $761 tax burden further.

In more general terms, the government's tax reform initiative in 1988 reduced the overall tax burden for all income ranges. Moreover, the greatest beneficiaries of reform were those at the lower end of the income scale. One of the main principles that guided our reform initiative was that the tax system should be fair and should respect Canadian views of social justice. The system should be consistently progressive, imposing little or no burden on those least able to pay. This continues to guide us in our ongoing assessment of tax policy.

The government has followed a consistent economic and fiscal plan designed to restore its financial health. While our focus has been on the expenditure side of the budget to reduce the deficit and control the national debt, since 1988 some tax increases have also been necessary

to assist in the deficit reduction effort. These increases have been instituted with attention to the same principles that were used to guide the tax reform initiatives.

We are now beginning to see the benefits of our economic and fiscal plan and are in a position to begin lowering the tax burden on Canadians. As the Minister of Finance announced in the February 25, 1992 budget, the personal income surtax will drop from 5 per cent of basic tax to 4 per cent on July 1, 1992 and again to 3 per cent on January 1, 1993. This will increase Canadian's after-tax income by $500 million in 1992/93 and by more than $1.2 billion per year thereafter.

The government continues to review and analyze its tax policy in the context of our overall economic and fiscal plan with the objective of reducing the tax burden and ensuring that it is shared in a fair and equitable manner.

AGRICULTURE

COST OF CROP LOSSES—FEDERAL-PROVINCIAL APPORTIONMENT

(Response to question raised by Hon. H.A. Olson on September 23, 1992)

In March 92, the Saskatchewan government was advised that changes to the 1991-92 GRIP would result in reduced coverage to farmers in low-yield situations.

The 1992-1993 GRIP in Saskatchewan did result in farmers receiving lower protection as a result of low-yield.

A $40 million offer has been made to Saskatchewan under a Yield Protection Plan. The offer provides additional assistance under GRIP to producers facing lower yields as a result of adverse growing conditions.

The offer of about $40 million is equal to the amount the federal government would have contributed had Saskatchewan not changed the 1991-92 GRIP design.

The offer has two conditions: 1) Saskatchewan must provide about $23 million; 2) Saskatchewan must work with the federal government and other provinces toward a future GRIP design that addresses the issue of low-yield protection and minimizes regional differences.

To date, Saskatchewan has not responded to the offer.

POINT OF ORDER

Hon. William M. Kelly: Honourable senators, I wish to raise a slightly lighter matter, albeit still on a somewhat serious note. I rise on a point of order at this time.

I refer to some comments made last Thursday, September 24, by the Honourable Senators Frith and Molgat, having to do with the fact that my colleague Senator Hébert and I were not present. Both being Whips, somewhere along the line we found ourselves in difficulty. I wish to try to explain, because I believe I am primarily responsible for the fact that, in error, a motion was moved to defer the taking of a vote.

[Senator Lynch-Staunton.]

I think I might be excused for assuming, when I first read Senator Frith's intervention, that he was being mischievous. He has been mischievous from time to time. However, in rereading his intervention, he was perfectly correct. I suppose I was presumptuous in assuming that he would ever misread the rules.

To explain the situation from this side, when I accepted the responsibility of being a Whip, I recognized that no one is immortal, not even Whips, and I made arrangements with a fellow senator, Senator Doyle, to function in my absence. I advised my Leader of this fact and had his approval. What the Leader and I failed to do was to notify the Clerk of the Senate of this fact.

The appointment of a Whip does not have much ceremony. I believe in the case of Senator Hébert the Leader of the Opposition announced in the chamber that Senator Hébert would be the Whip. In my case, I believe the Clerk received a note from our Leader stating that I would be the Whip. I do not think the Leader saw fit to announce it. However, that did not hurt my feelings too much.

The fact is we did not take the step we should have taken last week. There will be cases when Senator Hébert and I cannot be here. In such instances, it seems to me, the respective leader should be able to stipulate to the Clerk who the Whip for the day should be; if he does so, then that person is indeed Whip. He is not Acting Whip, he is the Whip.

I think that would solve the problem and avoid situations such as developed last week.

ORDERS OF THE DAY

CONTRAVENTIONS BILL

THIRD READING—MOTION IN AMENDMENT—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator MacDonald (*Halifax*), for the third reading of Bill C-46, respecting contraventions of federal enactments.

And on the motion in amendment of the Honourable Senator Bonnell, seconded by the Honourable Senator Hébert, that the Bill be not now read a third time but that it be referred back to the Committee for further study.

Hon. Nathan Nurgitz: Honourable senators, I have a few brief comments to make.

I was absent on Thursday last when debate continued on the motion of Senator Bonnell to have this matter sent back to the committee. I have a few things to say, having been present and having chaired the committee.

What Senator Bonnell would like the committee to do it has done already. That is to say, it has considered the appendix to

the rules which deals with giving notice to provincial jurisdictions that may be affected by legislation where it is advisable to give notice.

From the flavour of the debate, I take it that the committee considered that there had been an overwhelming amount of provincial consultation and, as a result, felt it was not necessary to give notice to the provinces in this instance.

In the presentation of Bill C-46, the sponsor, Senator Balfour, said, and I quote from page 1960 of the *Debates of the Senate* for September 9, 1992:

> In discussions between the Minister of Justice, the Honourable Kim Campbell, and her provincial and territorial colleagues, it was agreed that an inordinate amount of time is spent by prosecutors, court administrators and enforcement officers on the prosecution of minor regulatory offences, resulting in a waste of valuable resources, backlogs in the system, and an undue burden on the courts. This is not only inefficient, inconvenient and expensive, but inappropriate when dealing with less significant transgressions.

Honourable senators, there has been a Supreme Court ruling indicating that courts are not dealing as expeditiously as they ought with serious criminal offences. In fact, the Supreme Court ruling has had the effect of having serious crimes dismissed against accused persons because they were not dealt with as quickly as they ought to have been, in the view of the Supreme Court. This is partly a result of the clogged court system.

The officials gave evidence that this has been roughly an eight-year consultative process between the provinces and the Department of Justice. Without going into the long history of the matter, the short history is that in about April of 1991, as indicated by the departmental officials, the first meetings took place between the Department of Justice and officials of the Province of Ontario. That is only one province, but that was the start.

I should like to point out, honourable senators, that at the committee hearing it was pointed out to us that this is merely the adaptation of legislation that exists in every province. Every province has a ticketing procedure for Highway Traffic Act violations, and for minor offences under the liquor acts. This is the adaptation of that system with respect to breaches of federal law. It has been agreed by Senator Molgat in responding, and by others on the committee on both sides, that this is a step in the right direction.

However, the point I would make on consultation is that the officials have pointed to many meetings throughout the year 1991, and to a coordinating committee of senior officials that has been established with officials from the provinces, the territories and the Department of Justice to deal generally with matters relating to criminal justice, and specifically with this matter.

In fact, on the morning of December 9, 1991, the day that Bill C-46 was introduced in the House of Commons, a letter was sent by the Minister of Justice to every provincial and territorial Minister of Justice, informing them that the government was about to table the legislation on that day, and requesting comments. Following that letter, there were a series of meetings of deputy ministers, after which there was a conference on uniform law attended by officials from all of provinces and this legislation was the subject matter.

When all of this was being explained, Senator Bonnell gave it as his opinion that, in the last three or four years, the provincial ministers had been too busy on constitutional matters to be considering these matters; they would not have had time to do so.

Honourable senators, what is the point of all of this? Really, the point is that the committee did not see the need to have further hearings or to extend further invitations because already there have been so many consultations. The situation has now culminated in bilateral meetings. The officials of the Department of Justice have now been to the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario with a view to implementing this legislation, but that implementation goes further down the road than just the bill itself.

I should say that the provinces did express some concerns, and both of their major concerns resulted in amendments being made to the bill in the House of Commons legislative committee, which corrected the concerns of the provinces. I do not recall the details but, for instance, one change concerned judicial discretion in giving time to pay a fine.

Honourable senators, I suggest that there has been an overwhelming amount of consultation. We are adopting a provincial system. The minister wrote to her counterparts, all provincial and territorial ministers. Senior officials have met at various senior levels. That is the kind of consultation we look for, and that is the kind of consultation that we have already had.

For that reason, honourable senators, I think frankly that this motion is frivolous. The committee has already considered the matter and decided that it lacked merit and, indeed, defeated the suggestion that officials be invited. I should say that, in my view, the committee was unanimous that the bill be reported without amendment.

Hon. Richard J. Stanbury: Honourable senators, if my colleague the chairman had not concluded by saying that this motion is frivolous, I may not have been tempted to speak.

Senator Nurgitz: Then I withdraw the comment.

Senator Stanbury: If it were a frivolous motion, then why would the chairman spend 15 or 20 minutes struggling to justify the actions of the committee? The fact is that the Senate committee has not consulted with the provincial governments of Canada on a bill regarding which the provincial governments have already expressed concerns. There is no doubt that my friend is right, that there have been attempts to satisfy those concerns, but we have nothing on record to say that the provincial governments are satisfied with the way in which those concerns have been addressed.

How can the Senate committee accept the protestations of the officials that they have consulted? We cannot delegate our consultation to other people. We need to find out for ourselves. Before we put the final seal of approval on this legislation, we need to find out whether the provinces have legitimate concerns about it which, if we knew about them, perhaps could be repaired.

A long time ago, we went to the trouble of putting together that appendix which indicates that this is the normal way in which the committees must act. What has happened, of course, is that there is pressure from the government to pass this legislation right now. This is after eight years of consideration! All this nonsense of having to pass it immediately without consulting the provinces—now, that is frivolous. That is a frivolous justification.

Honourable senators, it really is ridiculous not to send this matter back to the committee, in order to allow them the opportunity to consult with the provinces and to get their answers.

Hon. M. Lorne Bonnell: Honourable senators, perhaps His Honour should tell you that if I speak now, the debate will be closed.

Senator Doody: It always has that effect on me.

Senator Molgat: Because he always convinces you immediately.

Senator Bonnell: I know. Honourable senators, since Senator Doody is now convinced that I am right, I would like to say that this is not a frivolous motion. The chairman of the committee said that it had no merit, but it has much merit.

The Hon. the Acting Speaker Honourable senator, you may only speak once on an amendment.

Senator Bonnell: I am closing the debate.

The Hon. the Acting Speaker: This is an amendment, senator. You are not closing a debate. You can only speak once on an amendment.

Senator Bonnell: It is a substantive motion and I can close the debate on a substantive motion.

The Hon. the Acting Speaker: You may only speak once on an amendment.

Senator Bonnell: I can, however, ask questions of the chairman here all night. Let me ask you this —

The Hon. the Acting Speaker: Under rule 38(1), any senator can only speak once on an amendment. Another speaker will have to speak now if the debate is to continue.

Senator Bonnell: If no one else wants to speak, I will ask the chairman a question.

The Hon. the Acting Speaker: If no one else wishes to speak, I will now put the question.

Senator Bonnell: You mean we cannot ask the chairman a few questions?

[Senator Stanbury.]

The Hon. the Acting Speaker: No.

Senator Bonnell: At any time?

The Hon. the Acting Speaker: We are on debate now, honourable senator. Either it is the question or further debate.

Senator Bonnell: I do not understand the new rules at all. You cannot ask a question of a committee chairman at any time in the Senate.

The Hon. the Acting Speaker: It was moved by the honourable Senator Nurgitz —

Hon. H.A. Olson: Honourable senators, we are not passing this bill. I am sure there are other people around here who want to speak. I do not care for this attitude that you are going to shut off the debate.

An. Hon. Senator: Speak up.

Senator Olson: I do not intend to speak up. I think we will reorganize ourselves. If the Speaker is going intercede and prevent the members on this side of the house from asking questions of the chairman of the committee, then you have introduced some new rules and we are not ready to accept those new rules. We know that you went off to a committee by yourselves and made up a whole new package of rules, but at least you had the decency to bring them in here afterwards. Now you are introducing a new rule that people cannot ask questions, without even asking the Senate whether such a rule is acceptable or not.

Senator Barootes: You are quite welcome to make a speech.

Senator Olson: I am, eh?

Senator Barootes: On the amendment.

Senator Olson: On the amendment or the main motion. May I make a speech on both of them?

Senator Bonnell: You can adjourn this debate.

Senator Barootes: You will find a way.

Senator Olson: Maybe the best thing we could do, honourable senators, would be to adjourn this debate so that we can consider what the new rules are going to be.

Senator Nurgitz: That is frivolous.

Senator Olson: It is frivolous to deal seriously with a program that is going to throw out, forever, a social program in this country?

Senator Nurgitz: It has nothing to do with that.

Senator Olson: Why did you not explain that to me? I thought we were on Bill C-80.

Senator Nurgitz: Come in and join us.

Hon. Philippe Deane Gigantès: Honourable senators, with respect to Bill C-46, it seems to me that this is a very poor time to be making even the slightest suggestion that we did not make the very last possible effort to consult the provinces.

The honourable Senator Bonnell has told us that this is an issue that has not been treated sufficiently. You may be sure that there are people in certain provinces, and particularly in mine, who will feel that they have not been sufficiently consulted. This is not the time for flexing federal muscles. We are trying to sell a constitutional accord in which we are allegedly being preferentially respectful of provincial rights.

Surely, this is not the time for the government in the Senate to refuse to consider the possibility that the provinces may want to be consulted some more. It must at least make the gesture as proof that what the government is saying, in trying sell the constitutional agreement, is what the government means, that this agreement is a process that shows more respect than heretofore for provincial governments.

We are told that it is a frivolous suggestion. Admittedly, Senator Nurgitz, who is a very nice man, withdrew the term, but it was a Freudian slip. People may say that in his heart of hearts, if that is what he uses to reason, or maybe his gut, the idea of consulting the provinces did not sit very well; it was not easily digestible; it caused a certain amount of heartburn; probably it heightened his blood pressure, lowered his blood sugar, gave him cold sweats at night, made him feverish, and put him in a mood of depression.

We know what a jolly, wonderful and pleasant man he is, and we all love him. Even during the great GST debate he was one on whom even I did not pour scorn. I used to single him out by saying that I did not mean him. And here he is now, in this circumstance, for reasons that are very difficult to understand, trying to play tough and not wanting to give the provinces one more chance to express their opinion on this issue, on which some provinces—certainly mine—might prove to be extremely sensitive about some kind of sneaky, back-handed, back-door, federal infringement of their jurisdictions.

Whatever the merits of the case and regardless of how Senator Nurgitz and the cabinet feel about it, appearances are important during this campaign for the hearts and minds of the people of Canada, which is being conducted on the basis that this is a better deal for each of them and for their regions, that this is a sweeter, gentler, kinder government than before and that the Constitution is going to make Ottawa a more pleasant pussycat.

Senator Barootes: You are out of order. You are just jawing and mouthing to kill time. Sit down and let us get on with the bill.

Senator Gigantès: Staff, my dear friend, have I ever heckled you? Have I ever said anything bad about you?

Senator Barootes: I disown you.

Senator Gigantès: Here we are, two senators of Greek descent, and you pick on me.

Senator Barootes: I will become a Macedonian in your eyes.

Senator Gigantès: We are probably related. I have relatives who came from the part of Turkey where you were born. You cross yourself. The good Lord is not going to forgive you for your intemperate attack.

Senator Barootes: Are his fifteen minutes up?

Senator Gigantès: When my fifteen minutes are up, the Speaker will get up and tell me. Meanwhile, you can listen. You have in the past put up with me for much longer periods than that. There was one occasion when you were here in three different shifts and heard me. So what is your problem? You do not really want your side to show generosity and understanding towards the provinces? This is what Senator Bonnell is asking for in his amendment. It is a legitimate amendment, made much more timely and much more important by the circumstances we are facing.

You need only read the headlines in the newspapers coming from all the provinces, even from yours. Your premier is a socialist member of the party that prevented you, Senator Barootes, from stopping medicare in this country, as you wanted to do. That is true. He will not deny it. He is proud of it even. He did not want the poor of this country to have free medical care. Now his premier is defending the deal, but there are people opposing it in his province, as in Alberta, and as in British Columbia. A lot of this opposition is based on the presumption by some that this is weakening Ottawa, and by some others that this is a power grab in some ways and a show of indifference towards regional sensibilities. This is what Senator Bonnell wants to avoid. He wants to avoid anyone being able to say that Ottawa, at this particular time, is showing a lack of regard for regional sensibilities.

● (1520)

[*Translation*]

It is very important as far as Quebec is concerned. Quebec is very touchy about this point, especially at a time when those advocating a "no" vote in Quebec say that Ottawa is totally indifferent to the wishes of their province, lacks respect, humiliates them and so on.

Accepting Senator Bonnell's amendment would be a small indication that you are prepared to show a little respect towards the provincial governments. What would you lose by doing that? Nothing at all! It is not so urgent. It is something you can accept even if it passed in the next session of Parliament. It would not change the fundamental character of the country. It would not stop your government from being defeated in the next election.

So why this stubbornness? My dear friend Senator Barootes (whom I like so much!) is shaking his head. He is shaking his head because he does not want to see that some things may not go exactly as he would want them to, that the way this fine country operates may not be the way he has in mind. I am talking about Bill C-46!

I would ask you, my dear colleagues opposite, to give on this point. It is not even a part of your party's basic program, which is to make the poor poorer and the rich richer! It has nothing to do with that. You can easily make this concession.

I do not see why you are so stubborn. It would give people the impression that you are prepared to be reasonable from time to time and not dogmatic as conservative parties usually are.

So why would you not give in on this point which is not central to your government's policy and your ideology? It has nothing to do with it. Be a little generous, a little patient, a little respectful and considerate of provincial governments, as Senator Bonnell asks you. You did not consult them. They did not come here.

You know my opinions. With all due respect to Senator Bolduc and the other former deputy ministers here who are an exception to the rule, I think that deputy ministers are a bad lot! They are dictators. Consulting some officials does not mean that you consulted those who really hold power in the provinces, who are and should be the politicians. What is it to say, as Senator Nurgitz said, that you spoke to some senior officials? Very often, senior officials do not inform their minister. Senior officials arrange things among themselves because it suits them. Perhaps it does not suit the people's elected representatives. I do not find acceptable the answer that we consulted because our senior officials spoke to their senior officials. When? At a golf game? Did they have lunch together at a parliamentary restaurant here or some restaurant in the Quebec legislature? Did you talk about it to the minister? What would you answer if someone told you that Ottawa was passing some legislation that would infringe even a little on Quebec's jurisdiction?

When this was mentioned in the Senate, when Senator Bonnell said to make sure again that you had fully consulted them, the answer was that it is frivolous. Is it frivolous to consult the provincial governments at this stage in our constitutional history? Really, I find that surprising, even bizarre. We are running risks that we should not run.

I will spare you the rest of the fifteen minutes alloted to me and sit down. Thank you.

[*English*]

Hon. Efstathios William Barootes: Honourable senators, I have a very short statement to make. Once again, my friend the Honourable Philippe Deane Gigantès has presented, in my opinion, the best testimony for the abolition of the Senate.

Some Hon. Senators: Hear, hear!

On motion of Senator Hébert, debate adjourned.

INCOME TAX ACT

CHILDREN'S SPECIAL ALLOWANCES ACT

FAMILY ALLOWANCES ACT

BILL TO AMEND—SECOND READING—DEBATE SUSPENDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Spivak, seconded by the Honourable Senator Kinsella, for the second reading of Bill C-80, An Act to amend the Income Tax Act, to enact the Children's Special Allowances Act, to amend certain other Acts in consequence thereof and to repeal the Family Allowances Act.

[Senator Gigantès.]

Hon. Philippe Deane Gigantès: Honourable senators, this bill belongs to a certain family of legislation—certain moves, one might say, not only by the government of Canada, but by several other Western governments—meant to deal with deficits by compressing consumption. This is not a partisan speech. It is an economic speech.

Since the middle seventies, when we were in power, this policy has tended towards trying to cure the economic problems of the Canadian economy, the British economy, the German economy, the French economy and the American economy by reducing the money that goes to those who have the highest average propensity to consume—in other words, the poor—and reducing, conversely, the taxes on the rich, those who have the lesser average propensity to consume.

The reasoning followed by central bankers and ministers of finance everywhere in the developed world was: "Okay, you have inflation; what causes inflation? People are buying too much. What do we do to stop people from buying too much? Well, we compress wages; we compress the money that goes to those in the lower reaches of the economy who buy too much. To get the economy stimulated, we will give the richer stretches of the economy more money to invest."

Now, honourable senators, a problem developed. It was not possible to identity this problem, except in hindsight. As you can see, I am being fair. I could not have foreseen it. Most economists did not foresee it. If you give people, who normally invest, more money by reducing their taxation and increasing incentives to invest, but demand has been compressed at the same time, those people would have to be economically backward if they did invest, because they would be investing in a plant to turn out more products when demand for those products was falling.

• (1530)

In retrospect, the eighteen to twenty years of statistics show that that is exactly what has happened. More money was put in the hands of the class that normally invests in new plant and equipment and creates jobs, and they did not invest in new plant and equipment because the demand was falling. What did they do with that extra money? We now know what they did with that extra money. They had to put it somewhere, and they put it into various things. One was real estate speculation. Another was the purchase of tangible assets, such as shares. Much more—in many ways more destructively—was put into money market funds.

Every two and a half days, the amount of money traded on money markets equals $1 trillion. That means that every one and a half days, the amount of money traded on money markets by these people, whose taxes were reduced so that they would have more money to invest, exceeds the total amount of

world trade. Therefore we have not been getting the stimulus to the economy that supply-side economists said we would get, and because we have not been getting this stimulus, the amount of money or the amount of wealth generated in the country that the government could tax has fallen and, therefore, deficits have increased. In addition, because there was no job creation, the number of unemployed has grown.

There were blips. The unemployment rate would go down every now and then, but generally, in all the western countries after each recession, big or small, we never returned to the employment highs of before. Unemployment has been climbing steadily, unevenly but steadily, which means that the costs of unemployment—welfare—have been rising, which means of course that there has been a further fall in the ability of governments to balance their budgets and that deficits have been growing, which has made money markets much more vulnerable to turmoil as the rich—to whom we gave more money to invest, and who invested in money market funds—are trying to shift the money in anticipation of which currencies they can play with so as to increase their own wealth.

These same people, of course, said to themselves that globalization was not a bad thing. They started investing in other countries. *Harpers* gave an excellent example about Nike shoes. Nike closed its plant in the United States and moved its operation to South Korea. The people thus thrown out of work in the United States could no longer buy Nike shoes. After a little while, the workers in South Korea organized, formed a union and asked for more money, so Nike closed its plant in South Korea and moved its operation to Indonesia, where a worker receives $37.14 a month producing Nike shoes, and $37.14 a month will not buy you a pair of Nike shoes. Therefore Nike are selling fewer shoes here and fewer in South Korea, but they are getting by to some extent because they are making more profit by lowering their wage bill. Meanwhile, back here in their home country, so to speak, unemployment grows.

There is another aspect. These firms that are investing in money market funds, in stocks and shares around the world and also indulging in globalization, have to face an input of information so varied and so difficult to handle that they have been hiring—and this is documented by statistics which I have—more and more accountants, tax lawyers and planners, none of whom produce anything. They are overhead. Further, these people use electronic equipment which quickly goes out of fashion or becomes obsolete within a shorter and shorter span of time. Consequently, succeeding generations of the equipment required by all of these bean counters comes more and more frequently onto the market, with the result that they never have the time to amortize their original equipment before they have to buy new equipment. In consequence, overhead grows.

Profits coming in, however, do not grow. The amount of product produced here is less because consumption is less, and therefore productivity goes down. This is one explanation of productivity that has not been given before but was put forward this past weekend in New York at Bard College by a Canadian economist.

It is very difficult to continue in that way because what it shows, believe it or not, is that Keynes was right; if you want to break a downward spiral, you have to stimulate consumption. In other words, you have to create jobs at home—infrastructure jobs, social service jobs, anything. That is where you go in order to get the economy rising again. If you go in on the supply side, on the investment side, the people whose taxes you have reduced and to whom you have paid incentives will use that money, as I have told you, on foreign money markets. They will use it to invest in Indonesia but they will not use it to invest here, and consequently the economy of Canada, the United States, Britain, France or Germany will decline. This is what we are facing in the western world today.

What I object to in this bill is that it is in line with this policy of hitting at consumption by reducing the amount of money that goes to certain people. Child allowance is an example. The amount of this kind of help to the poor has been steadily reduced in standard dollars after inflation, and therefore consumption has been reduced. In the face of low consumption there will not be investment, and therefore investment will not create the jobs, jobs, jobs that we are always talking about.

Senator Hébert: Nobody listens when you talk about the poor. Talk about the rich and they will listen.

Senator Gigantès: The rich are all right. In the big corporation, if you look at the situation of the people in the positions numbering from one to ten, you will notice that they are doing better all the time. However, even those globalized corporations are now firing middle managers in order to keep themselves, and to be able to afford more bean counters and more lawyers. If you are operating in 22 different countries as a multinational, all of them with different regulations and taxes, you will have an enormous amount of overhead.

Therefore, honourable senators, it is no use continuing with the policy that favors the rich from a tax point of view and that cuts allowances for the poor, who consume and create demand, because the rich do not put their money here. If I were rich, I would not do so, either. It makes more sense to play the money market funds and invest in Indonesia, if I am the head of a company and care about my money.

However, we as a house of the Parliament of Canada, and this government and ours, which will come next, should look at what is happening to this country. The way to start this country up once more, it has been proven, is by increasing consumption.

● (1540)

However, honourable senators, a bill like this further decreases consumption. It gives a little more to the working poor, but the benefits of that have been negatived by all of the other measures, such as the taking away of universality. For example, the family allowance has been taken away from

those who have the highest marginal propensity to consume, and has been given to those who have the lowest marginal propensity to consume. In consequence, we are in a recession from which we do not seem to be able to emerge.

It is not just this country; the same is true for France and Belgium. After a while, Japan adopted those policies under American pressure and now it is also in a terrible state.

We have to realize that we can no longer continue with the same policies that put the world into the Great Depression. That is exactly what was being done then: Cut taxes and cut out government spending. Consumption fell, investment did not occur, and stagnation and deflation raged. That is what we are facing.

This bill reflects the whole policy of this government and of other governments in the western world. I oppose this bill because it is part and parcel of a policy that has not worked. The figures are now in; supply-side economics have proven to be a failure in this country and in the United States. In the United States this has been camouflaged because of great military spending, but that is now being reduced and the U.S. is going into a deeper recession than before.

I beg you, honourable senators, change this policy for the sake of the country and for your own sakes. You will also do better , even the rich among you will do better, if you go back to thinking in terms of consumption; in other words, of demand rather than supply. This bill is an anti-demand, anti-consumption bill, and therefore, we should oppose it.

Debate suspended.

ROYAL ASSENT

NOTICE

The Hon. the Acting Speaker informed the Senate that the following communication had been received:

RIDEAU HALL

September 29, 1992

Mr. Speaker,

I have the honour to inform you that the Honourable Beverly McLachlin, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 29th day of September, 1992, at 5:00 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

ANTHONY P. SMYTH
Deputy Secretary,
Policy, Program and Protocol

The Honourable

The Speaker of the Senate

Ottawa

[Senator Gigantès.]

[*Translation*]

INCOME TAX ACT
CHILDREN'S SPECIAL ALLOWANCES ACT
FAMILY ALLOWANCES ACT

BILL TO AMEND—SECOND READING—DEBATE RESUMED

On the order:

Resuming the debates on the motion of the Honourable Senator Spivak, seconded by the Honourable Senator Kinsella, for the second reading of Bill C-80, An Act to amend the Income Tax Act, to enact the Children's Special Allowances Act, to amend certain other Acts in consequence thereof and to repeal the Family Allowances Act.

Hon. Roméo LeBlanc: Honourable senators, after listening carefully to the speeches of Senators Spivak, Hébert, Frith and Thériault, I realized that Bill C-80 was another in a long line of measures designed to reduce the impact of social programs and to reinforce the Conservative government's rhetoric as we approach the next election. I apologize for referring to Senator Spivak in her absence, but in fact, she had a difficult case to argue. I wonder whether she was a little embarrassed at having to repeat, not the arguments of the Minister of National Health and Welfare, Mr. Benoît Bouchard, as one would have normally expected, but those of the flunky of the Department of Finance, Mr. McDermid, Minister of State (Finance and Privatization).

Senator Hébert's tight and irrefutable reasoning clearly demonstrated the impact of this legislation and especially its role in a long series of attacks against the social policy we are proud of on this side of this Chamber.

In the early fifties, I taught school in a rural community where women have always had very few opportunities to earn a little money. I can assure you that not many have become bank presidents. This was at a time when medical and dental services were still very average. Public schools offered only the strict minimum of extra-curricular activities, like music. Mothers who received very little money other than family allowance really looked forward to this monthly cheque. In most cases, necessities like shoes and clothing were purchased. In some cases, a mother might be able to set aside a little money to help develop a child's talent for music or painting, for instance.

[*English*]

The universality of family allowances was an acknowledged reality. With time, it was understood that above the basic allowance more money might be needed for the children who lived in poverty or on the borderline.

My colleague in government at the time, the honourable Monique Bégin, supported by the present leader of the Liberal

party, Mr. Chrétien, brought forward the child tax credit which gave mothers and other guardians of children some considerable help for those who could not improve their own lot; that is, the deprived children. Yet the principle of universality was preserved. Madam Bégin would sometimes remind us that mothers and children do not have a lobbying organization comparable to that of senior citizens. Children do not vote and their voices are not heard, at least not in government circles. This government has eroded the concept of universality in Bill C-80 as it attempted to do with the senior citizens' social measures until Madam Denis took on the Prime Minister on the lawns of Parliament Hill.

In his speech, Senator Hébert demolished the claim of the Minister of Finance and his surrogates in this house. He stated:

> The Minister of Finance maintains that Bill C-80 will raise federal child benefits by $400 million per year or $2.1 billion over five years. The minister seems to forget that his government took more than $3.5 million out of the child benefits system between 1986 and 1991. In other words, families in need will not receive a penny more.

Senator Frith gave an historical perspective of the different legislation to help families in the protection and development of their children.

• (1550)

In fact, he gave some credit to the Borden Unionist government of 1918.

Others, rightly so, have spoken of the contribution of our good friend, the late Honourable Paul Martin.

The Liberal social policy critic in the House of Commons, Mr. David Walker, as reported on page 13221 of their *Hansard*, told the House about an excerpt of the Honourable Paul Martin's book *A Very Public Life*. It describes a discussion on social measures in the mid-1940s between Mr. Martin and the then Minister of Finance, Mr. Ilsley. I quote a few lines from the Hansard of the House of Commons at page 13221. "Mr. Ilsley," says Mr. Martin:

> ... honestly felt that the government could not afford these measures and that some of them should be undertaken by the family, the church or the provinces. Ilsley kept asking me: "Why do you want to saddle us with these things?"

Mr. Martin says:

> My answer was: "Because of my liberalism".

There is another document I would like to recall. In 1919, there was a leadership convention for the Liberal party of Canada. One candidate offered the delegates a long list of policy proposals, some of which reflected the young man's interest in labour matters. Thus, he proposed some progressive steps. Two of the measures that were proposed then—and this was 1919 —were the abolition of child labour and the imposition of such limitations on the labour of young persons as would permit the continuation of their education and assure their proper physical development; and the principle—and this one is still a matter of discussion—the principle that men and women should receive equal remuneration for work of equal value.

The quotation that I am interested in that that young candidate for the leadership of our party presented at that convention, and which relates to the subject matter of this bill, is the following:

> That in so far as may be practicable, having regard for Canada's financial position, an adequate system of insurance against unemployment, sickness, dependence in old age, and other disability, which would include old age pensions, widows' pensions, and maternity benefits, should be instituted by the Federal Government in conjunction with the Governments of the several provinces ...

The man who proposed these policies in 1919 and repeated them in the federal election of 1921 was William Lyon Mackenzie King, the longest serving Prime Minister of Canada.

Senator Martin's discussions about the 1945 period were obviously influenced by the document of 1919. In fact, pieces of major social legislation, like CMHC creation, the Technical School Federal Assistance Program, which, in a province like mine, New Brunswick, meant the opening of high schools, especially technical departments in rural areas, were a great source of progress even before the then Premier Louis Robichaud's program of equal opportunity.

May I remind you that in 1945 the then young Colonel David Croll sat in the federal Liberal caucus of Mr. King, and I am sure that he was pushing for the benefits that we are discussing today. In fact, I suspect if he were here today, he would oppose this bill with the same eloquence with which he protected so many of our social programs in this house, in his caucus, and everywhere else.

Fellow senators, with your permission, I should like to make one last remark. The NDP and its predecessor the CCF have always claimed credit for all of the social legislation adopted by this country. In 1919, when Mackenzie King was proposing what I have read in the excerpt from *Canadian Party Platforms* as a program for the leadership which he then used again for his election in 1919, the Regina Manifesto was still 12 years away. Mr. Woodsworth first came to the House of Commons in 1924. In fact, in 1919, the CCF was not even an abstract thought.

MOTION TO ADJOURN DEBATE NEGATIVED

Hon. H.A. Olson: Honourable senators, I move the adjournment of the debate.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, this is the only major piece of government legislation that we have before us, Bill C-46 having been adjourned until the next sitting. I am wondering why we cannot continue with the debate. It is only 10 minutes to 4.

Hon. Royce Frith (Leader of the Opposition): Let's hear from your side.

Senator Lynch-Staunton: Our side has spoken through Senator Spivak. She made a very eloquent and detailed analysis of the bill.

Senator Frith: Is there nobody else in favour of it over there?

Senator Lynch-Staunton: Everyone is in favour of it, but no one intends to speak on it at this stage.

Senator Frith: Nobody wants to defend it?

Senator Lynch-Staunton: It can be defended at committee, and it can be defended at third reading. We are only at the second reading stage.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): That is the principal stage.

Senator Lynch-Staunton: It is the principle stage, that is correct. The principles are being discussed. I understand there are speakers on the other side who wish to speak to them. We are not even close to the adjournment hour, so I suggest that we continue the debate.

Senator Olson: Honourable senators, if that is the attitude of the government house leader, I suppose he knows what he will have to do about it. I can tell him that I have a few things to say about this iniquitous piece of legislation that is going to deprive a lot of people of programs that have become part of our whole tradition, particularly family allowances. It is going to repeal that act completely. Therefore, it takes a little time to do all the research that is necessary to try to persuade members of the Senate opposite that they should not do this. I am asking for a little more time. I heard some speeches today —

Hon. Efstathios William Barootes: Is this your speech?

Senator Olson: No, I am just making an argument that we need a little more time to put together —

Senator Barootes: You already had all of Tuesday, Wednesday and Thursday of last week.

Senator Frith: They'll tell you when to make the speeches. They'll tell you when you should be ready. They'll tell you when you should speak, but won't get into the debate themselves. They'll just sit there and tell you how you should do it. They don't know what debate is.

Senator Olson: I want to tell you this, honourable senators: I have quietly and politely sat here. Now I would like to make some comments. Some of my colleagues would, too.

Senator Frith: We spoke on the bill every day the Senate was sitting, and they did not. Now they propose to sit there and tell us how we should conduct our business.

Why don't you get involved in the debate instead of yapping like that?

Senator Olson: I want to say again that there are some things I would like to say. Some of my colleagues, too, will have some very important things to say about this matter. This is something that has been on the books since —

[Senator Lynch-Staunton.]

Senator Barootes: Sit down.

Senator Olson: We have changed the rules again. Senator Barootes decides when I am ready to make a speech.

Senator Frith: Get his permission as to when you should speak. He will tell you when you are allowed to speak. You may speak when it suits him.

Senator Olson: If that is what you are going to do, let's find out. I am just telling you that I, and indeed several of my colleagues, have some speeches to make, and there is a little more research we need to do. That is why I asked that the debate be adjourned.

• (1600)

Honourable senators, I ask again: Let us adjourn this debate now. We might even have to adjourn it again tomorrow.

Senator Barootes: No. No adjournment.

Senator Lynch-Staunton: Honourable senators, I am surprised that Senator Olson says he needs more time. He must be reminded, if he has forgotten, that this government policy was announced in the budget of February, 1992.

Senator Olson: I did not know what the arguments were until now.

Senator Lynch-Staunton: If Senator Olson is deciding only today that he needs to gather up the arguments on a policy that was announced months ago, and which was the subject of extensive consultations by the Minister of National Health and Welfare, that is not the problem of the government.

That having been said, our friends opposite know that this bill, should it pass, would go into effect on January 1, 1993.

Senator Frith: What do you mean it has to be? Did God tell you it has to be then, or did you decide?

Senator Lynch-Staunton: The bill, if passed as is —

Senator Frith: "If".

Senator Lynch-Staunton: —is to go into effect on January 1, 1993. That is in the bill. For this to be done, because of the major changes which it will bring about —

Senator Frith: So Senator Olson should speak on September 30, 1992.

Senator Lynch-Staunton: —recipients, current recipients, future recipients and those whose benefits may or may not change for better or worse, must be alerted ahead of time. That is something that requires an information period that could take up to two months.

Senator Frith: Sorry, it is inconvenient for the government to debate, Senator Olson.

Senator Lynch-Staunton: Therefore, as the Deputy Leader of the Opposition has been informed on a number of occasions, in order to allow this information period to take place,

the bill, should it pass, must receive Royal Assent before the end of October. Therefore, on a number of occasions we have asked for agreement on having a debate at this stage, which is second reading, in order to send the bill to committee no later than Friday, in order to give the committee plenty of time to hold hearings and —

Senator Frith: What does the government consider is plenty of time? Will it tell us when we are allowed to go to committee?

Senator Lynch-Staunton: The government does not determine the committee's schedule.

As I was saying, this must be done for the bill to come back in good time in order for the house to study the committee's report and to vote on third reading by the end of this month at the latest.

Senator Hébert: By the end of this month?

Senator Lynch-Staunton: Yes, by the end of this month.

That has been the priority of the government, and that has been brought to the attention of the other side. I had hoped that by raising the matter today, we could get some reaction as to whether the opposition is willing to abide by this schedule.

Senator Olson: Honourable senators, I should like to say something to honourable senators opposite, and in particular to Senators Barootes and Lynch-Staunton. There happens to be one or two other matters before the people of Canada that are pretty important. There is this referendum which is really doing a job on Western Canada. I have spent a lot of time on that matter. As a matter of fact, I spent all morning on it.

I want honourable senators to know that I spent a few days in Geneva and in London trying to find out whether or not there was any hope or any light at the end of the tunnel respecting the international grain market, which is such a disaster for the prairie region of Western Canada. It is unbelievable how bad it is. I have great sympathy for the fishing industry because, for another set of reasons, it is in approximately the same economic situation as are the prairies, and apparently, asking questions in this chamber will not get one any satisfactory answers at all.

I do not know if the government of the day, which is responsible for the economy, has done anything about the international grain market situation. However, I, too, have a report to make on that matter before long. There are some hopeful signs. But because of the fact that this government had not taken any of the actions that were necessary, I went over there to see for myself just what the situation was.

I hope that the deputy leader understands that this piece of legislation he is rushing through this chamber is a major piece of legislation. He expects everyone to say, "Aye, aye, sir," but they have a few other things to do.

Therefore, I ask once more that honourable senators accommodate us and several other senators by adjourning the debate today so that we will have a little more time to give this bill the kind of attention that it needs.

Senator Lynch-Staunton: Honourable senators, I think the government has been extremely accommodating to date. Senator Gigantès just reminded honourable senators that he adjourned the debate last Wednesday until the following Tuesday, which is today. Senator Murray, who was in the chamber then, said, "If you feel this item is so important and that so many people want to get involved in the debate, we can sit this evening, Thursday, Friday and Monday." The reply from the other side was, "No, we are not ready. We have a lot of speakers who are not ready."

Senator Olson: That is legislation by exhaustion.

Senator Lynch-Staunton: And we are told again today that no one is ready.

Senator Frith: What do you mean "no one"? We have had two speakers on this bill today. What do you mean no one is ready? You have had none. What are you talking about?

Senator Lynch-Staunton: We do not have any speakers at this stage. The bill is only at second reading.

Senator Frith: We have had two speakers, so don't talk about us not being ready.

Senator Lynch-Staunton: You have no more speakers ready to speak today?

Senator Frith: Not enough, no. How many more would you like? How many more would the government allow us to have?

Senator Lynch-Staunton: You may have as many as you wish. We can sit this evening. We can sit tomorrow morning, tomorrow afternoon and tomorrow evening, if we are all in agreement.

Senator Frith: At your schedule, in other words?

Senator Lynch-Staunton: No.

Senator Frith: A senator is telling you he will be ready to speak on the bill tomorrow, but the government will not permit it.

Senator Lynch-Staunton: Inasmuch as Senator Olson wants us to be accommodating, which we are and have been, I am asking the opposition to be understanding of the schedule which we are trying to meet in regard to implementing the necessary measures to have this bill go into effect in January of 1993, which requires its disposition at second reading by the end of this week. I am still waiting for a reply.

Senator Molgat: Honourable senators, I am not speaking to the bill. I am speaking to the point raised by my honourable friend.

I am surprised to hear the Deputy Leader of the Government say that we have to abide by a schedule. Since when is Parliament limited to a schedule? That may be what the government wants. That may be what the minister wants. However, the minister does not determine the schedule in this place, nor should he determine it in the House of Commons. He is only able to do so in the House of Commons is because

of that massive majority under the thumb of the Prime Minister. That is not democracy. This place certainly does not operate by a schedule.

If the Deputy Leader of the Government thinks I will propose to our group that we abide by a schedule, then he better have another think on what democracy is all about, and on how this house operates. That is not the way it works.

It is true that the Deputy Leader of the Government told me that the government wants this bill passed by October 30. That is what the minister wants. That is what the government wants. That does not mean that that is what the Canadian public wants.

We are talking about the government's schedule. You are not government. This house is not government. The government is the cabinet—not the House of Commons, and not this house. We will not be subjected to a schedule. That is not the way the system works.

My honourable friend said that that is what he wanted. I told him that we had many speakers who wanted to be involved in the debate. Frankly, I am disappointed that there has been no response from the government side. Every time the bill has been called since it was introduced for second reading, we have had at least one speaker every day on this side. We had two today and three the other day, and yet you say we are not quite prepared to debate.

Senator Barootes: You had none on Thursday.

Senator Molgat: Senator Barootes is prepared to sit and yack. Is he prepared to defend the bill? No, he has said not a word. There has been not a substantive word from the man. There has been just his constant yapping like a rat terrier, instead of enough conviction on the issue to get up and debate it.

When you say to us that we are not prepared to debate, I say we are prepared to debate. However, we would like to know from your people where they stand on this major issue.

Let us be clear about this: The greatest difference between the views of the Conservative Party and that of the Liberals is with respect to the question of the social standards in this country, the whole question of the social fabric.

Senator Barootes: Now you are speaking to the bill.

Senator Molgat: We know where we stand on this matter. We believe in a good social charter. We will defend that charter and fight for it. That is what we are doing here. We will not be subjected to any kind of arbitrary rule as to when we can speak.

Having said that, we have other speakers who will continue the debate. When they are finished, there will be others.

Some Hon. Senators: Hear, hear!

Senator Lynch-Staunton: Do I understand, then, that the opposition can give no indication as to when this debate can

[Senator Molgat.]

come to an end so that those responsible for the implementation of this legislation, should it pass, can have enough time to get the machinery in motion to have it implemented in time? Is this what I am hearing?

Senator Molgat: You are hearing quite clearly that we will not abide by any arbitrary schedule set by you, or set by the government. We are prepared to debate and we will continue to debate. We have speakers who are prepared to debate this bill every day of this week, and perhaps even next week for all I know. I cannot speak for every one of my colleagues. They are free to do as they want. I do not exercise any control over them as to when they wish to speak. I can assure you that we have further speakers and that we will continue this debate.

Hon. Eymard G. Corbin: I wish to rise on this motion. That, however, does not preclude me from speaking on the bill later on.

Next year, I will have been in Parliament for 25 years. I have seen a gradual erosion of the right to speak, the right to state their views and opinions of the members of Parliament in both houses. The latest attempt to curtail, to erode that right to speak was the introduction of the so-called new rules in the Senate, which some of our people consider to be unconstitutional.

The government is complaining because we will not put up more than two speakers today. I intend to speak on this bill; however, my research is not quite completed.

Some Hon. Senators: Oh, oh.

Senator Corbin: It is funny. I worked on the other side of this building for 16 years and some months, and rarely if ever did we push the opposition to limit the time it needed to put its views across. Debates would last for days and weeks. We did not fool around with the democratic right to speak of members who were sent to the House of Commons to do just that; to express the views of their electorate.

Here in the Senate, we used to have a reasonable amount of time to make a speech. That has now been reduced to 15 minutes, except for the leaders of the parties. I, for one, find myself constrained in that respect, first of all because I am a slow speaker, as you can all observe. I do not believe in rushing through a text just to say, "Well, it is on the record. Good night, and have fun, boys and girls."

As has been said, we are dealing here with what has been recognized as fundamental social legislation. In the past we have had many delegations from around the world come to the Canadian Parliament to sit down with us and study what we were doing in the way of child benefits, family benefits, health benefits, or hospital benefits.

How many such delegations do we see these days? Very few indeed. Because those programs for which Canada was renowned have been, and continue to be, subjected to constant erosion to the point where they become, in my opinion, practically insignificant. They certainly do not reflect the type of

social justice that was one of the major considerations at their birth.

I do not take kindly to pressures on the part of the Deputy Leader of the Government in suggesting that we put up all our speakers today, tonight, tomorrow morning, and get on with the job of sending the bill to the committee.

We on this side do not have the benefit of the government's bureaucracy to do our research and write our speeches. We have to do it with the limited resources which the Senate finally came around to giving us a few years ago. The whole process entails a great deal of work, because a senator is accountable for whatever he or she says in this house and can be challenged on his or her statements. Proper research does take time.

We have already heard from a discontented public with respect to this legislation, even after its passage in the House of Commons. I received documents — we all have—as recently as last Friday on this matter. Senators are expected to do a proper job of arguing the fundamentals of the legislation at second reading and, certainly, to take whatever time is required to hear out public concerns.

Now the government has an agenda. They would like to have a nice little package wrapped in blue ribbon in time for Christmas.

Senator Olson: Some Christmas!

Senator Stanbury: What a present!

Senator Corbin: The Canadian public ought to be wary of Christmas-giving by Tory governmentse, because very few people in this country know what is about to hit them. They will find out in due course.

And also in due course, they will ask us in this chamber, because we will still be around here. I am forecasting that we will still be around here in 16 or 18 months. They will point to the Senate and ask us, why didn't you people do a proper job? The bill was pressured through the House of Commons. There was very little debate. The minister hardly participated in the debate. The white paper had been brought down with the infamous Mazankowski budget. What a context in which to bring change to social legislationt!

Of course, government supporters in the House of Commons were told last summer, "Look, everybody is on vacation. We are celebrating the 125th anniversary of the birth of Canada, of Confederation. Get on with your work in the committee. Do not make too much noise in committee, and hurry up and report." That is how the bill got through the system without sufficient opportunity for the public to participate. There was certainly not sufficient notice for the public to prepare themselves adequately, in spite of the fact that those who did show up before the committee, I thought, performed rather well under extremely trying circumstances.

My speech is here in this folder. I will not give it to you today because there are one or two matters I want to check out. I expect you people over there to respect my democratic right to speak when I want to speak, if I want to speak, and to say what I want. It is bad enough that you have limited me to 15 minutes. Do not force me to speak when I do not want.

The Hon. the Acting Speaker: It is moved by the honourable Senator Olson, seconded by the honourable Senator Stanbury, that further debate be adjourned until the next sitting of the Senate.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Acting Speaker: Please call in the senators.

Senator Kelly: We would request a 20-minute bell.

The Hon. the Acting Speaker: Honourable senators, it is moved by the honourable Senator Olson, seconded by the honourable Senator Stanbury, that further debate be adjourned until the next sitting of the Senate.

Motion of Senator Olson negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Bonnell	Molgat
Bosa	Olson
Cools	Petten
Corbin	Rizzuto
Fairbairn	Robichaud
Frith	Stanbury
Gigantès	Stewart
Graham	Stollery
Hébert	Thériault—19.
Marchand	

NAYS

THE HONOURABLE SENATORS

Atkins	Grimard
Balfour	Kelleher
Barootes	Kelly
Beaudoin	Keon
Beaulieu	Kinsella
Bertntson	Lynch-Staunton
Bolduc	MacDonald (*Halifax*)
Buchanan	Macquarrie
Castonguay	Meighen
Cochrane	Murray
Cogger	Nurgitz
DeWare	Robertson
Di Nino	Ross
Doody	Rossiter
Doyle	Teed—31.
Forrestall	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

• (1630)

SECOND READING—DEBATE CONTINUED

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, pursuant to the provisions of Rule 49(2), I move, seconded by Senator Beaulieu, that the original question be now put.

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

Senator Corbin: Never!

Hon. H.A. Olson: Honourable senators, I am not ready to speak to this motion. That is just as true now as it was 30 minutes ago. therefore, I yield the floor to my deskmate, who has graciously agreed to speak on the motion.

However, while we have the Leader of the Government here, could we revert to Question Period in order to get some answers to the questions asked earlier today?

Hon. Lowell Murray (Leader of the Government): Honourable senators, there is a motion on the floor, of course, but I regret that I cannot give leave to revert to the period of Oral Questions.

Senator Frith: You should look more convincing about how much you regret it.

Senator Murray: Well, I do regret it. Honourable senators know that I attend for Oral Questions virtually every day. I am not able to do so today because of other commitments, but I will certainly do my utmost to be here tomorrow.

Senator Olson: We will look forward to seeing you then.

Senator Stewart: A headless government!

Hon. Richard J. Stanbury: Honourable senators, there is a long history of federal governments working to eradicate poverty in Canada. Unfortunately, that history has been characterized by frustration. No government has been able to offer a comprehensive solution to stop the scourge of poverty dead in its tracks. Nevertheless, for many years there was—and I stress "was"—a comprehensive effort to control, if not solve, the plague of poverty. Perhaps the approach to poverty was piecemeal, but at least the work was constant and few doubted the commitment.

Many of those involved in finding solutions have given extraordinary amounts of energy and imagination, such as our late colleagues, the Honourable David Croll and the Right Honourable Paul Martin. I applaud them for their work and their patience; without them I shudder to think where we would be today. I also shudder when I realize how far we have regressed in our mission in the last eight years under Conservative leadership. I am distressed that we have not done more to maintain their legacies and the legacies of the policies they helped engender.

Today, honourable senators, we continue an innocuous little debate on Bill C-80—innocuous in the sense that the government will pay it no attention. As a matter of fact, the members on the government side will not even participate in the debate.

Bill C-80, by the way, is not at all innocuous itself, despite the picture the government has tried to paint at every opportunity. This bill proposes a further backslide in our established social infrastructure that has served us so well; it does nothing to take us forward—there is no serious attempt to confront child poverty in Canada as demanded by the Honourable Lorna Marsden's tremendous report on child poverty written by the Standing Senate Committee on Social Affairs, Science and Technology just one short year ago. No, in fact all this bill signals is the unabated continuation of an eight-year regression in social policy engendered by Conservative philosophies which frankly have no soul.

I know that my leader and whip have already addressed themselves to the process by which this bill has reached the Senate, but I feel I must add to their words and express my concern. I will not bore you with a diatribe about the nature and function of a parliamentary democracy, but I will tell you that the abuse with this bill has been flagrant. This bill, as with others before it, was introduced to Parliament with a deadline for passage. The other place was given this bill just before summer adjournment, and the members have been forced through time allocation to deal with every aspect of the bill on the fast track.

You have had eight years to dream up this legislation, but still you introduce it with haste and expect its equally hasty passage through Parliament. This *modus operandi* has become far too commonplace and, especially with this bill, it is totally unacceptable and offensive.

After bullying this bill through the other place—the chamber of this Parliament to which the public pays some attention

—the Government Leader in the Senate has graciously said that he would allow an exhaustive study of the bill in the Senate. Of course, his government insists that this study take place at a time when parliamentarians were told by the Prime Minister to go to their constituencies to campaign for Canada in the referendum, and, more important, when the national media are entirely preoccupied with that same referendum. And still Senator Murray limits the length of time for consideration. He says that the Social Affairs Committee can deal with the bill 24 hours a day, if it wishes. But can the committee wait until potential witnesses have had an opportunity to prepare adequately? No. Can the committee take the time to organize meetings outside Ottawa, as Senator Thériault suggested last week? Again, no. Will the government consider any worthy amendments that the committee may suggest, stemming from its analysis and the testimony of witnesses? No. Honourable senators, this is a parliamentary farce. This is an embarrassment to the legislative institutions.

Perhaps someone more cynical than I would go so far as to say that this bill is on the fast track because, one, the government wants to avoid debate of a bad policy; two, the government wants to pass the bill before the media discover the issues; and, three,—and this is really cynical—because the government is going into an election year, and it knows that the much larger monthly payments will come into effect and overlap with the old system in the early months of 1993, when the last of the 1992 tax-refund payments and the first of the larger monthly child benefit payments will both be made—just as Canadians head for the polls. No wonder Canadians are losing faith in their institutions of government, and specifically this government, to such an alarming degree.

Nevertheless, let me move on to the debate of the substance of Bill C-80. I have had an opportunity to hear or read much of the debate that has already taken place here last week. Much of the discussion has been illuminating, and even provocative in some instances. In her remarks introducing the bill last week, Senator Spivak—who I am sorry is not here today—attempted to defend the government's move to rob family allowance of its universality, saying that the current system is not universal any more anyway. She said, and I quote from page 2079 of the *Debates of the Senate:*

> Surely a system which has taxed back the benefit from the personal incomes of higher income families since 1974 is universal in appearance only, because, since it is taxable, it is selective in its real effect.

I can appreciate the senator's point of view, and she may theoretically be correct in her statement, but I do not share her view of the family allowances' "real effect". I know that the senator is personally quite sincere in her concern for the less-privileged and the position of women in our society, so she will perhaps excuse me for mentioning that there is a further point she failed to address.

• (1640)

There are essentially three things that universality accomplishes that are quite separate from the simple sending out of cheques to every mother. The first is that the family allowance is a recognition of the cost of raising a family. A couple with children face many more expenses than a couple without children. The family allowance has been a visible and prominent recognition of this reality to Canadian parents. The whole idea of family allowances was to recognize the added strain of child-rearing on all families regardless of class or status. It provided a separate supplement that a mother could use to feed and clothe her children, or set aside for their education. It had nothing to do with the tax system. The parents continued to pay taxes based on their overall income but their children were not penalized because of their parents' class or status. It sent a message to parents that the government understands the extra burdens, and although the monthly cheque does not bridge the gap between income and expenses, it is an important and appreciated acknowledgement.

The second point has nothing to do with the bottom line, but everything to do with practical effect. At present, the family allowance cheque is mailed to every mother, regardless of her family's means. Bill C-80 would introduce a means test to the equation to determine who gets the benefits. I understand the simple logic that those who can afford to live without the help should not get it, and I can understand the extension of that logic—that if they are getting the benefits taxed back, then why go to the trouble of giving it to them in the first place—but there is more to it than that.

I am not sure that I can adequately convey the idea, but when you send the cheque to everyone, you are treating everyone equally, or at least giving that appearance to the recipient. However, when you send the cheque out to only those with meagre means, there is a monthly reminder of the inadequacy of those means. There is almost a condescension. Stemming from that can be a sense of embarrassment or even shame that I, as a recipient, am getting a hand-out every month.

There is a third point to which I want to draw your attention, and especially Senator Spivak's attention. Again, it may be a subtle argument and therefore difficult for me to articulate, but still, I think it is important. As all senators know, the family allowance cheque is made payable to the mother. Certainly, where a family's means allow them to receive the cheque, the cheque will continue to be made out to the mother. However, we should realize that in every household where families no longer receive the benefits, the mother will lose an independent source of income. You may say that if the family does not need the money, then that means that the mother does not need the money. Unfortunately, that is not always the case.

The unfortunate reality is that there are too many situations where the husband controls all of the family income except for that one monthly cheque, and if that cheque is gone, so is that small but hugely important amount of independence for women and their children. There are cases where that cheque is desperately needed in a household for necessities for children, and mothers need that money because the overall family income that the government uses to judge the needs of the children does not match the reality. In a home where the husband is domineering and indeed abusive, it is quite likely that

he is not about to make up the difference in a monthly allowance to his wife.

Marcelle Dolment, of the *Réseau d'action et d'information pour les femmes*, told the legislative committee in the other place:

> It is (in)conceivable that a government is prepared to deprive mothers at home of family allowances, the only amount of money to which they have access, and children of the only safety net that protects them, not only in (low-income) families, but also in families (of reasonable means) with problems where one parent is at the mercy of the other.
>
> Family income is very misleading. Indeed, just because family income is decent or even high does not mean that the mother and children have what they need, when the mother has no income. There are fathers who earn a great deal but who deprive their families. This behaviour is found as well in low-income families. For these women, family allowance is a life-saving buoy.

I know it is sad, but it is also reality. Those cheques are not only important in poor families. I admit that I do not have statistics for you to prove these assertions. All I have is anecdotal evidence that I have no reason to doubt. Although I cannot tell you exactly how many, I know there are many women who will be adversely affected by the changes suggested in this bill.

Just one final note on the universality question. I noted with some interest an innocuous little exchange between Senator Murray and Senator Frith last week while debating this bill. While Senator Thériault was delivering his speech on the bill, Senator Murray interrupted, asking Senator Thériault—this is on page 2091 of *Hansard*, September 22—whether he thought senators should receive family allowance benefits. After five more intrusions by Senator Murray, Senator Frith responded by asking Senator Murray whether he thought senators should receive medicare. Senator Murray quickly said that medicare is a totally different thing, but offered no real response. No doubt that is because the only logical response, given the government's policy on universality as shown through Bill C-80 and as argued by Senator Murray, would be that no senators should receive medicare.

Senator Frith: Therefore, medicare should not be available to everyone.

Senator Stanbury: If those who are well off do not need family allowance, then do they need medicare? Why not make it accessible only to those who can not afford it? That is the very clear message Senator Murray has articulated.

Senator Frith: It is the "President Bush" formula.

Senator Stanbury: I do not see how you can have it both ways. Why does the government not do the honest thing and tell Canadians straight out that their Conservative philosophy will eventually lead to the end of universal health care in this country?

[Senator Stanbury.]

Senator Baootes: Rubbish.

Senator Molgat: Why don't you get up and debate?

Senator Stanbury: I look forward to Senator Baootes' formal rebuttal.

Of course, there are other concerns about the legislation beyond the resultant death of the system's universality. During the brief meetings of the legislative committee in the other place—even with the short time allowed for preparation—many other criticisms were focused on the bill. These criticisms include the following points: Assistance to the poorest families will not increase; partial de-indexation of the benefit, and a complete lack of indexation of the threshold amounts —

The Hon. the Acting Speaker: I regret to inform the honourable senator that his time has expired.

Some Hon. Senators: Carry on.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Stanbury: Thank you. Partial de-indexation of the benefit, and a complete lack of indexation of the threshold amounts will result in the gradual erosion of the benefit amount, as well as lessen the number of families eligible for the benefit. There is a complete lack of a proper mechanism to ensure that dramatic changes in family income are reflected in the monthly benefit amount. As it stands now, it could take up to 18 months for the benefit to be adjusted. There is no federal-provincial arrangement, which means that hardship could result if the provinces decide to cap welfare payments. The long awaited and promised national child care strategy—a significant deterrent to child poverty—has been completely abandoned, creating additional financial hardship on low and middle income families, especially single parent families. There is also the regressive nature of the increased child care deduction, and the unknown cost of administering the new benefit.

The proposed child benefit reform was introduced and heralded by the federal government as an anti-poverty measure. The reality is that the last eight years have been marked by profound inaction to alleviate poverty. Perhaps more than anything else, Bill C-80 is a blunt reminder of missed opportunities for progress, and the continual regression of our social safety net —all as a result of harsh conservative social policy philosophies, hastened by the fear of the Reform Party. The government has been in power for eight years and the record is unfortunate. Bill C-80 is only the most recent example of how that harsh philosophy is de-humanizing Canadian society.

MOTION TO ADJOURN DEBATE—VOTE DEFERRED

Senator Graham: Honourable senators, I move the adjournment of the debate.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Acting Speaker: Pursuant to the rules, we will defer the vote until after Royal Assent.

Honourable senators, I wish to inform you that, pursuant to Rule 136(8), I must now interrupt the proceedings so that we can proceed with Royal Assent.

Senator Corbin: Honourable senators, as I understand it, the bell for the vote will be deferred until after Royal Assent.

The Hon. the Acting Speaker: That is correct.

The Senate adjourned during pleasure.

• (1700)

ROYAL ASSENT

The Honourable Beverly McLachlin, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the Department of Forestry Act and to make related amendments to other Acts (*Bill C-306, Chapter 44, 1992*)

An Act to change the name of the electoral district of Timiskaming (*Bill C-351, Chapter 45, 1992*)

An Act to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act (*Bill C-55, Chapter 46, 1992*)

An Act to amend An Act to incorporate the Royal Society of Canada (*Bill S-7*)

The House of Commons withdrew.

The Honourable the Deputy of his Excellency the Governor General was pleased to retire.

• (1710)

The sitting of the Senate was resumed.

INCOME TAX ACT

CHILDREN'S SPECIAL ALLOWANCES ACT

FAMILY ALLOWANCES ACT

BILL TO AMEND—SECOND READING—MOTION TO ADJOURN NEGATIVED

On the Order:

Resuming the debate on the motion of the Honourable Senator Spivak, seconded by the Honourable Senator Kinsella, for the second reading of Bill C-80, An Act to amend the Income Tax Act, to enact the Children's Special Allowances Act, to amend certain other Acts in consequence thereof and to repeal the Family Allowances Act.

The Hon. the Acting Speaker: Honourable senators, it has been moved by the Honourable Senator Graham, seconded by the Honourable Senator Petten, that further debate be adjourned until the next sitting of the Senate.

Motion of Senator Graham negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Bonnell	Marchand
Bosa	Molgat
Cools	Olson
Corbin	Petten
Fairbairn	Rizzuto
Frith	Robichaud
Gigantès	Stanbury
Graham	Stewart
Hébert	Thériault—18.

NAYS

THE HONOURABLE SENATORS

Atkins	Grimard
Balfour	Kelleher
Barootes	Kelly
Beaudoin	Keon
Beaulieu	Kinsella
Berntson	Lynch-Staunton
Bolduc	MacDonald (*Halifax*)
Buchanan	Macquarrie
Castonguay	Meighen
Cochrane	Murray
Cogger	Nurgitz
DeWare	Robertson
Doody	Ross
Doyle	Rossiter
Forrestall	Teed—30.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, as I said earlier this afternoon, I am not quite ready to speak today but I will still share with you the thoughts that I have put down on paper in the last few days since the debate on second reading of Bill C-80 began.

Unfortunately, you will not have the benefit of my conclusions because, as I said earlier, my research is not complete. For this reason, the debate in this house should continue later this week. This is the case not only for me but also for several of my colleagues who wish to speak on this bill.

Bill C-80 had to be part of the Conservative government's legislative agenda. The social programs so dear to Canadians' hearts are the favourite target of a government—

Mr. Speaker, I will stop my speech until the noise in this Chamber ceases! I hope that this time will not be counted. The rules say that hon. senators who wish to converse should leave the Senate Chamber. I see that at least three conversations are going on—

[*English*]

I hope the Table is listening to what I said. I do not want this time to be taken off my speaking time.

Senator Forrestall: Yes, it will.

Senator Corbin: Senator Forrestall, if you want to make a speech, get up and make one.

Senator Forrestall: Stand up and get on with it, will you?

Senator Corbin: I will not get on with it with conversations taking place on the other side of the house. It is against your rules. Have a little decency. I know you are eager to hear me out, but please ask your colleagues to get out if they are not interested, which is obvious.

[Senator Speaker.]

Senator Forrestall: Take that back to northern New Brunswick. Get on with your remarks.

Senator Grimard: You would not have a quorum.

[*Translation*]

Have you finished interrupting me?

These programs had contributed to Canadians' welfare for nearly half a century. Today, some would make the Senate the accomplice of an uncaring government that is eating away at the social benefits which over time have become a fundamental characteristic of our country, the programs which have contributed to the emergence of our national pride and identity. As much as half-baked constitutional agreements, the dismantling of these social programs is making the citizens of this country lose faith in the leadership of their elected politicians.

The major changes made by Bill C-80 to the family allowance program would have required a well-tried consultation process to better identify the consequences of such changes. But no, as Senator Frith explained so well in this Chamber, the government kept debate in the House of Commons and consultation to a minimum. For the umpteenth time, the government cut off debate in the Commons on a controversial bill of doubtful utility. The Commons legislative committee that should have studied this bill carefully was ordered to work quickly, when Canadians were on vacation, before the truth—the whole truth —on Bill C-80 was known.

Even before the bill was presented in Parliament, the consultation process had been short-circuited. Just look at the White Paper tabled by the Minister of National Health and Welfare on February 25 at the same time as Mazankowski's shaky budget was brought down. This booklet, called "A White Paper", has barely twelve pages. It is entitled *A White Paper on Canada's New Integrated Child Tax Benefit*. It is a waste of time, because it does not honestly explain the justification for the proposed program and has not moved public discussion on it forward. In fact, we may well wonder whether the Conservative government's purpose was not to stifle debate and just say what it wanted in dictatorial fashion—the shadow of a debate, what!

This is what Ken Battle, President of the Caledon Institute of Social Policy and former Director of the National Council of Welfare, was still able to say on this White Paper when he appeared before the Commons Legislative Committee on Bill C-80 on June 16:

[*English*]

> One of the things we noted in trying to piece together the proposals as best we could from the white paper on child benefits, which was not a model of how to communicate ideas, and the budget itself, was that, for instance, the new credit is going to have a differential reduction rate for one kid or two.

That is, whether a family has one child, two children or more.

It would have been nice to get an explanation of why and what they were about.

[*Translation*]

In fact, Bill C-80 restructures the system of social and tax benefits for families with children. This is a very different animal from what Canadians have known over the years. A bureaucratic monster has been created!

For someone looking at it superficially, the new program may seem acceptable because it adds $400 million to the $4.5 billion spent on programs for families.

The misleading part of the new integrated child tax benefit is that it tries to combine three programs—family allowances, the non-refundable child tax credit and the refundable tax credit—into one.

But if we look at the proposal with a little historical perspective, we see that the Conservative government withdrew over $3.5 billion from child benefit programs between 1986 and 1991. This sneaky siphoning off of $3.5 billion results from the fact that benefits are only partly indexed to inflation. This borders on political dishonesty.

We find this same measure in clause 12 of Bill C-80. If the cost of living rises by less than 3 per cent, there will be no increase in benefits. However, if the inflation rate is above 3 per cent, the Conservative government will only grant an increase for the amount over 3 per cent.

I quote an article on the February 25 White Paper in the Montreal *Gazette* of February 29, entitled "Not so generous as it looks":

[*English*]

> But the most insidious erosion came from something the government is all set to do again: it did not index benefits fully for inflation. Family allowances rose only by the share of inflation that was beyond 3 per cent each year. It did the same thing with the income level at which it starts phasing out the refundable tax credit— that threshold was allowed to rise each year only by the amount of inflation beyond 3 per cent.
>
> Three per cent a year may not sound like much. But the result is that now, before Mr. Bouchard's new plan takes effect, the average-income family's net benefits are worth barely half of what they were worth in real terms just seven years ago.
>
> And Mr. Bouchard's new plan proposes exactly the same thing: indexing benefits only for the portion of inflation that exceeds 3 per cent each year. So year after year, the benefits will continue to shrink. What money there is will be skewed to the neediest families, which is good—but the benefits will shrink each year.
>
> That makes a fair mockery of the claim that what is planned is a reform for the long term. It looks like the same old shell game.

[*Translation*]

I also want to quote an article by Ken Battle, President of the Caledon Institute of Social Policy, which appeared in the March 12 edition of the *Globe and Mail* under the heading "Missing a chance for a solid punch at poverty".

[*English*]

I quote:

> The fatal flaw of the brave new child benefit is that it will be only partially indexed. This giant step backward in social policy was first taken in Michael Wilson's maiden 1985 budget, and has since siphoned about $3.5 billion from child benefits.
>
> By retaining this regressive mechanism, which uses inflation to impose automatic and hidden cuts each year, Finance Minister Don Mazankowski ensures that the value of child benefits will fall in the future. Partial indexation hurts the poor especially; the working poor will be hardest hit, since both the refundable child tax credit and the earned-income supplement will shrink steadily.

[*Translation*]

Another problem is that Bill C-80 will create two classes of poor people in Canada: the working poor and those on welfare or unemployment insurance. It is a work incentive for families that earn between $10,000 and $21,000 and do not depend on social assistance. This benefit is capped at $500.

The new benefits will not give a cent more to poor families and only a few cents more per day to those who are fortunate enough—considering the present state of the economy and the bleak outlook for next year—to be able to work. It is political fraud, pure and simple.

As I said earlier, honourable senators, I did not have time to finish researching my speech, and I reserve the right to speak later on. I therefore move the adjournment of this debate.

[*English*]

MOTION TO ADJOURN—DEBATE NEGATIVED

The Hon. the Acting Speaker: It is moved by the Honourable Senator Corbin, seconded by the Honourable Senator Rizzuto, that further debate be adjourned until the next sitting of the Senate.

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

Senator Lynch-Staunton: Your Honour, I do not believe we can have another adjournment motion. Have we had an intervening proceeding?

Senator Molgat: Yes, I believe we had Royal Assent.

Senator Lynch-Staunton: I wanted to make sure. But we did vote, it seems to me, after Royal Assent. As far as I know, we have not had an intervening proceeding since that vote, so I am wondering whether this motion is in order.

Senator Frith: The motion on which we had the vote was not this motion. The question before the house at the present time is the previous question. That is the motion, and that is the motion he spoke to.

Senator Lynch-Staunton: Yes, but he is moving the adjournment of the debate.

Senator Frith: There was an intervening proceeding because the debate was suspended for Royal Assent.

Senator Lynch-Staunton: If we could clarify that, I am certainly willing to abide by the Chair's decision.

The Hon. the Acting Speaker: Honourable senators, we did have Royal Assent, at which point we had a vote on the question of adjournment. This is a new motion for adjournment moved by Senator Corbin on the previous question. So it is in order.

It is therefore moved by the Honourable Senator Corbin, seconded by the Honourable Senator Rizzuto, that further debate be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Acting Speaker: Is there agreement on the length of the bell?

Senator Kelly: Fifteen minutes.

The Hon. the Acting Speaker: Please call in the senators.

• (1740)

The Hon. the Acting Speaker: Honourable senators, it is moved by the Honourable Senator Corbin, seconded by the Honourable Senator Rizzuto, that further debate be adjourned until the next sitting of the Senate.

Motion of Senator Corbin negatived on the following division:

[Senator Lynch-Staunton.]

YEAS

THE HONOURABLE SENATORS

Bonnell	Hébert
Bosa	Marchand
Cools	Molgat
Corbin	Olson
Fairbairn	Petten
Frith	Rizzuto
Gigantès	Stanbury
Graham	Stewart—16.

NAYS

THE HONOURABLE SENATORS

Atkins	Grimard
Balfour	Kelleher
Barootes	Kelly
Beaudoin	Keon
Beaulieu	Kinsella
Berntson	Lynch-Staunton
Bolduc	MacDonald (*Halifax*)
Buchanan	Macquarrie
Castonguay	Meighen
Cochrane	Murray
Cogger	Nurgitz
DeWare	Robertson
Doody	Ross
Doyle	Rossiter
Forrestall	Teed—30.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

SECOND READING, ON DIVISION

The Hon. the Acting Speaker: Honourable senators, pursuant to Rule 13, in view of the hour, the Speaker must leave the Chair until 8 p.m.

• (1750)

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Mr. Speaker, we are now on the question, and I would like to say a few words.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Are we ignoring the clock?

Senator Molgat: I am in agreement with that.

The Hon. the Acting Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Molgat: In the summer of 1991, when the government side used its new found majority to change the rules in the Senate, much against, I believe, the traditions and the welfare of the Senate itself, one of the rules introduced put in

place the closure motion. The government has used the closure motion once since then. We objected to that rule. In our view it is a draconian rule which should not be in here. It is an over-reaction to the events of the GST debate. One single debate in the 125 years of the existence of this body and the government over-reacted and introduced the closure rule.

However, if we thought that the closure rule was bad, this rule that the government has invoked today is even worse. At least under the closure rule there is one day's notice. The government has to introduce it and it does not take effect until the next day, and at least six hours of debate is guaranteed. Using this technique today the government has used a power that is absolutely out of character for a house of debate.

Senator Frith: Draco would have been insulted to have such action named as Draconian.

Senator Molgat: To put it clearly, the government simply refused to debate this question. There was one short speech by the mover, Senator Spivak, and since then utter silence from the government side. That is supposed to be debate in their view. Now, when we are prepared to put up speakers, the government has decided to use this rule.

The closure rule is like the guillotine, but at least you have a day's notice of what will happen. But this rule is like a mugging or a stab in the back. You don't even know it will happen and suddenly it happens and debate is cut off. My honourable friends may think it is a good rule. I do not think so. Those opposite ought to think about that; some day they may be on this side of the house.

Senator Cools: Soon. Very shortly.

Senator Molgat: They have the idea that the purpose of the Senate is to do what the government wishes. That is not the purpose of the Senate.

You have put yourselves under the thumb of the government. You have made this body an instrument of government and it is not intended to be an instrument of government. It is intended to be an instrument of regional voices and to be able to make the government change its mind. You people do not want that at all. All you want is to rubber-stamp what the government wants.

We are helpless under the rules we have now. There is no way we can do anything. The senators opposite control the whole issue and with these new rules we have no leeway.

I want you to know that we object. You are doing the wrong thing for yourselves and the wrong thing for this body. You are going against the whole purpose of the Senate as it was originally intended to be. We cannot do our job in the way that you are proceeding. Therefore, my group objects to what you are doing, but we are helpless to do anything about it.

The Hon. the Acting Speaker: Pursuant to the provisions of —

Senator Frith: Are you not going to say anything?

Hon. Lowell Murray (Leader of the Government): I will say a word, since I have been invited to by my friends opposite. My friend the Deputy Leader of the Government moved that the previous question be now put. The Deputy Leader of the Opposition talked about the new rules and about how he and his friends are helpless in the face of the new rules. A motion that the previous question be now put is one of the oldest rules in the book and it has been there for many years and governments have resorted to it in exactly the sort of situation in which we find ourselves today. There is a body of literature on this point in —

Senator Frith: Not even one day's notice!

Senator Murray: —*Beauchesne* and elsewhere to the effect that, under circumstances similar to these, moving the previous question is the recourse that governments invoke.

Senator Frith: Worse than closure!

Senator Murray: Let me say a word about the effect of a motion that the previous question be now put. The effect of that motion is that all honourable senators, including those who have already spoken on the previous question, can take part in the debate. That is the effect of it.

Senator Frith: It can be adjourned, except that you have refused the adjournment.

Senator Murray: It can be adjourned, but we have refused the adjournment for good and sufficient reason. Let me explain. The bill that we are talking about arrived here on September 17. Our colleague Senator Spivak moved second reading on September 22. There followed quite comprehensive speeches on the matter by Senator Hébert, the Leader of the Opposition and Senator Thériault, as well as a brief intervention on my part having to do with the process. The Leader of the Opposition had expressed concern that we were going to try to ram the bill through in a day or two, impose allocation of time and have to resort to those kinds of drastic measures. I indicated —

Senator Frith: I was naive enough to think you would impose allocation of time instead of closure.

Senator Murray: —in an intervention on September 22 that we had no intention of doing any such thing. As I said:

> We can sit evenings, we can sit Friday morning, we can sit all next week. There is plenty of time to hear from every senator, Liberal or Conservative, who wishes to be heard in the second reading debate on Bill C-80.

A bit later I said:

> The only thing that we in the government ask is that the Senate get on with it and deal with it. After the committee hearings have been held, I would expect to ask the Senate to return here to deal with the report stage and third reading.

The next day, September 23, Senator Gigantès spoke for a few moments and then adjourned the debate. He adjourned the debate on Wednesday, September 23. He did not adjourn it to

Wednesday evening, or to Thursday or to Friday morning or to Monday, but to the next Tuesday. I asked at the time whether there were any other honourable senators who wished to take part in the debate then, and there were none.

Senator Frith: At that time.

Senator Murray: At that time, but surely with a debate of that kind —

Senator Frith: In other words, we do not adjourn the debate to Tuesday, because you do not want to adjourn it to Tuesday. Tell us how reasonable you are, but we must do it your way!

Senator Murray: The honourable senator adjourned a bill from Wednesday until the next Tuesday. There is not a legislative assembly in the world that would let you get away with that sort of thing.

Senator Frith: We keep straying from the way you want things done.

Senator Murray: So we find ourselves here today with Bill C-80 before us. We have had no signal from honourable senators opposite as to when we might expect to have a vote on second reading, no signal whatever, no undertaking on their part, no possibility of an agreement between the parties, which was sought, as to the conclusion of second reading and reference of this bill to the committee.

• (1800)

Under the circumstances, we took a responsible position in moving that the previous question be now put. It is not a motion that closes off debate. It is a motion that allows for all honourable senators, including those who have already spoken, to take part in the debate. We have had an adjournment from September 23 until today. That is a very lengthy adjournment, almost one week, and surely enough time for honourable senators to prepare themselves for the debate. I simply ask honourable senators to be reasonable.

Senator Frith: Let the record show that he sat down with a broad smile.

Senator Molgat: Would the Leader of the Government in the Senate permit a question?

Senator Murray: Of course.

Senator Molgat: The honourable senator has not been present in the chamber throughout this afternoon. Does he realize that three requests for adjournment of the debate were refused on a standing vote by senators opposite?

Senator Murray: Of course. I was here to vote with the majority on that matter. What is the purpose of a further adjournment? There has been an adjournment from last Wednesday until this Tuesday. For what reason would we adjourn the debate?

[Senator Murray.]

Senator Frith: Someone might want to speak tomorrow. You will not even give one day's notice?

The Hon. the Acting Speaker: Honourable senators, it was moved by the honourable Senator Lynch-Staunton, pursuant to the provisions of Rule 49(2), that the original question be now put.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "yeas" have it.

Senator Frith: On division.

Senator Molgat: On division.

Motion agreed to, on division.

The Hon. the Acting Speaker: It was moved by the Honourable Senator Spivak, seconded by the Honourable Senator Kinsella, that this bill be read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen.

The Hon. the Acting Speaker: Please call in the senators.

• (1810)

Motion of Senator Spivak agreed to and bill read second time on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins	Grimard
Balfour	Kelleher
Barootes	Kelly
Beaudoin	Keon
Beaulieu	Kinsella
Berntson	Lynch-Staunton
Bolduc	MacDonald (*Halifax*)
Buchanan	Macquarrie
Castonguay	Meighen
Cochrane	Murray
Cogger	Nurgitz
DeWare	Robertson
Doody	Ross
Doyle	Rossiter
Forrestall	Teed—30.

NAYS

THE HONOURABLE SENATORS

Bonnell	Hébert
Bosa	Molgat
Cools	Olson
Corbin	Petten
Fairbairn	Rizzuto
Frith	Stanbury
Gigantès	Stewart—15.
Graham	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

REFERRED TO COMMITTEE

The Hon. the Acting Speaker: When shall this bill be read the third time?

Senator Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move that this bill be referred to the Standing Senate Committee on Social Affairs, Science and Technology.

The Hon. the Acting Speaker: It is moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Teed, that this bill be referred to the Standing Senate Committee on Social Affairs, Science and Technology.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, before the motion is adopted, a number of suggestions have been made by senators on this side of the house as to the way the committee, in our opinion, should work.

We believe that there should be at least a week before any hearings begin so that the persons who wish to appear before the committee will have an opportunity to know when the committee will meet. If they do not have that kind of opportunity beforehand, it will be impossible for them to be prepared and to appear.

Second, a suggestion was made by my colleague, Senator Thériault, that the committee might consider holding some hearings outside Ottawa. As this is a measure that affects mainly the poor people of the country, and since they are the people who will be unable to attend hearings in Ottawa, I think the committee should give the matter serious consideration.

I believe there should also be some advertising carried out, advising people that the committee will be holding hearings, which will give them an opportunity to appear. A good number of groups who wanted to appear before the House of Commons committee were turned down. They were not heard by the committee of the House of Commons. I think it is important that our committee in the Senate hear from them.

Senate committees have a long tradition of providing an opportunity for the Canadian public to be heard. If there is a main source of pride in the work of the Senate it is the work done by our committees. I hope that the workings of this committee will not in any way be adversely affected, or that the length of time the committee is given in which to hold hearings will not be shortened, leaving us facing the majority on the other side pushing through this process in a short time.

Senator Balfour: Just like Senator Buckwold did.

Senator Frith: Let's do exactly what we did on that bill. That would be just fine. We travelled and we took about six months. Senator Balfour has the right idea. I vote for the Balfour formula.

Senator Molgat: Senator Buckwold gave an opportunity to Canadians to be heard. I recommend exactly the same procedure for this committee. I do not know if this committee will be prepared to spend six months on its study as did the committee on the GST. That should certainly be ample time. If the government does anything less than that, it will be continuing the same guillotine-like measures it imposed in the House of Commons, just as was imposed here today in the government's refusal three times. It is fine for the Leader of the Government in the Senate to say that this gave the opportunity for debate. However, they ensured that there would be no debate by voting against every motion for adjournment.

The Leader of the Government says that this rule has been on the books for a long time. Let him tell me when it was used in this chamber to do what he did today. Give me one instance. I have been here for 22 years now and never has the previous question been used to muzzle the opposition.

Senator Murray: You had a reasonable opposition when your government was in power.

Senator Molgat: Never has such a rule been used in this chamber and you, today, used it to muzzle the opposition.

Hon. Noel A. Kinsella: Honourable senators, in my role as the Acting Chairperson of the Standing Senate Committee on Social Affairs, Science and Technology, I thank the Deputy Leader of the Opposition for his counsel and for sharing some of the principles that are important to him. We shall do a thorough study of the bill. We hope to proceed with our work in an expeditious manner, but still allow ample time for the witnesses to prepare. Hopefully, we will be assisted in that work by the participation of all honourable senators.

Senator Molgat: I appreciate very much the comments of the chairman of the committee. He shows a very reasonable attitude. I take him at his word that there will be ample time for the witnesses to prepare and to be heard, and that all witnesses who wish to appear will have an opportunity to do so. On motion of Senator Lynch-Staunton, bill referred to Standing Senate Committee on Social Affairs, Science and Technology.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I ask leave to revert to Government Notices of Motions.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I am surprised that my honourable friend is asking leave to revert to Government Notices of Motions.

Senator Lynch-Staunton: May I give an explanation so that I may move an adjournment motion?

Senator Molgat: We will be prepared to consider the arguments that my honourable friend may advance. However, he was not prepared to consider many arguments when we asked earlier to revert on a most reasonable proposition. Nevertheless, we are reasonable people and we are prepared to listen to him.

Hon. M. Lorne Bonnell: Not before we agree, reasonably, to revert to Question Period, since the Leader of the Government in the Senate is now here.

Senator Molgat: Why only a single reversion?

Senator Lynch-Staunton: Perhaps I will state my arguments and then Senator Bonnell may state his.

It would appear that after the Orders of the Day have been completed this afternoon, we can then adjourn for an indefinite period. I should like to make a motion that we adjourn until December 1, 1992. It should be understood, however, that once the committee has studied Bill C-80, heard the witnesses and completed its report for presentation to the Senate, we will reconvene at that time to dispose of Bill C-80. That would be some time after Thanksgiving, the date to be determined following the completion of the work of the committee. If that is in order —

Hon. John B. Stewart: Before leave is given, honourable senators, may I ask a question? Earlier today I revived a question concerning letters between the Prime Minister of Canada and the Premier of Quebec, and asked a question concerning the cost of the constitutional referendum.

These are matters that relate to the referendum now in progress, and I believe that it may be possible for the Leader of the Government in the Senate to answer those questions now. If he could do that, it would remove at least one obstacle to leave being granted.

Hon. Lowell Murray (Leader of the Government): Honourable senators, with regard to the correspondence, I do not know what has happened to it or why it has not been tabled. I will get hold of it and send it to the honourable senator within the next few hours, certainly by tomorrow at the latest.

As I indicated to him the last time we had an exchange on this matter, I had seen the correspondence myself. I cannot understand what has held up its tabling.

With regard to the other matter, and speaking from memory, I had an opportunity on the margins of another meeting to speak to some of the officials about the cost of the referendum. My recollection is that the national referendum will cost somewhere in the vicinity of $150 million, that the funds are in Treasury Board Vote 5 and that they would be transferred to the Chief Electoral Officer for the purpose of conducting a referendum. In due course, Parliament would be asked to sanction this expenditure in the usual way.

Senator Stewart: The minister refers to Treasury Board Vote 5, the contingency vote. Would it be the intention of the government, in due course, to recruit that fund back to its normal level?

Senator Murray: Yes, honourable senators.

Senator Molgat: Honourable senators, I presume my honourable friend the deputy leader is not proposing that we adjourn indefinitely, but that he intends to adjourn to a set date.

We ran into a problem today with Question Period. I do not blame the Minister in any way. I know he has other obligations, but it does present a problem for us. As we gave you notice, we have many questions which we wanted to ask. We have to recognize that, right now, Canada is going through a very sensitive time; let us put it that way. We have a number of questions to which we believe we need answers; for example, when we will have the legal texts, and a number of other such items.

We gave notice today, but we could not get the answers. It would be preferable by far for us if we were to meet tomorrow and proceed with the Question Period which we were unable to have today and then adjourn to a set time. We would very much prefer a Question Period opportunity tomorrow which we were unable to have today.

Senator Lynch-Staunton: I believe the Leader of the Government is quite agreeable to answering questions. Now that he is here and he is willing, we can revert to Question Period.

The only reason I refused originally was because I did not know whether or not he would be here. We can return at 8 o'clock or we can do it tomorrow.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I believe that we should have had the opportunity to have Question Period today *and* to have it tomorrow. Since we did not have it earlier today, we are suggesting that we have Question Period tomorrow, at which time I intend to ask three questions on the subjects which I mentioned and which will then be on the record. We will also have an opportunity to prepare other questions for tomorrow.

I understand that the government is not anxious about Bill C-46. That is understandable. I agree with the Deputy Leader of the Government that it does not seem that there is any other business, but nevertheless, we are requesting Question Period for tomorrow.

However, Senator Olson would like to make his speech this evening.

Senator Lynch-Staunton: Just a moment, honourable senators.

Senator Frith: Oh, no, of course, I knew as soon as I said it, it would not go. It was a very tactless suggestion.

Senator Lynch-Staunton: You keep saying we want things done our way because we do not do them your way.

Senator Frith: Go ahead. You will do what you intended to do, anyway.

Senator Lynch-Staunton: Not at all, Senator Frith. Leave to revert to Question Period was refused because I did not know whether or not Senator Murray would be here today. He indicated to me that he could only be taken out of his meeting for a vote. It was only just now that I asked him whether or not he had to return to his meeting.

Senator Frith: I understand that, and I am accepting it.

Senator Lynch-Staunton: Just a moment. Please let me finish. I also told him, "They had asked for leave. I refused it, and they got rather upset about that. But since you are here and they have their questions ready and are anxious to ask them, would you mind if we reverted? Are you ready to answer?" Senator Murray replied, "Certainly." So now he is prepared to do what you wanted to do at 2:30 in his absence. Your questions are ready, I assume?

Senator Frith: I want both.

Senator Lynch-Staunton: Everybody was anxious to ask their question.

Senator Frith: We are speaking now about the motion to adjourn today. I have said that I want a Question Period tomorrow. If you are saying that we will have it today and tomorrow, then I am prepared to ask my questions now, but I also want a Question Period tomorrow.

Senator Lynch-Staunton: I understand that that is what you want. When we say what we want, it is because we like your terminology.

Senator Frith: I am asking for it. I do not expect to get it.

Senator Murray: We will sit tomorrow, if you want to sit tomorrow.

The Hon. the Acting Speaker: Is leave granted to revert to Notices of Motions?

Senator Molgat: I understand that the Leader of the Government has indicated he is prepared to have us sit tomorrow. If that is the understanding, then tomorrow we would adjourn to whatever set date the government wants.

Senator Murray: Honourable senators, let us be clear: I had understood that we could have adjourned tonight until sometime later, as Senator Lynch-Staunton outlined.

Under those circumstances, I was prepared to revert to Question Period, as I had thought honourable senators wanted to do, for the purpose of facilitating the adjournment until December 1. It now appears that honourable senators, or at least the Leader of the Opposition, prefers to come back tomorrow at 2 o'clock. As far as I am concerned, if that is what they want we will be back here at 2 o'clock and my friend will simply move the adjournment of the Senate.

Senator Frith: That will give you time before tomorrow, if you want time to consider my questions.

Senator Murray: I think we can cover them all tomorrow.

Senator Lynch-Staunton: I move that the Senate do now adjourn.

Senator Olson: What business do you have to move the adjournment before the rest of the Order Paper is called?

Senator Murray: It is always in order.

Senator Lynch-Staunton: We will be here tomorrow, anyway. I have made a motion which has been refused, so let us carry on.

Senator Molgat: We would like to carry on with the Order Paper.

THE GOVERNMENT

RECORD OF GOVERNANCE

Hon. Royce Frith (Leader of the Opposition) rose pursuant to notice of June 18th, 1992:

> That he will call the attention of the Senate to the disastrous record of the Conservative government.

He said:

I am prepared to yield to Senator Olson, if he would like to speak to this Inquiry today.

Hon. H. A. Olson: Honourable senators, I want to say a few words about this motion. It says that we will call the attention of the Senate to the disastrous record of the Conservative government. To be more specific, the record that I

want to talk about is the way they have handled this constitutional fiasco. I am extremely disturbed —

Hon. Lowell Murray (Leader of the Government): May I ask the honourable senator a question?

Senator Olson: Well, can I get into my speech? You are great at anticipating, senator, but I have to tell you, I do not know what the question could possibly be at this stage.

Senator Murray: It is very relevant.

Senator Olson: I want to tell you that Western Canada—Alberta, in particular, and B.C., too—really got shafted on the so-called Charlottetown accord by the Mulroney government, and Western Canadians do not like it.

Senator Murray: May I ask you a question, then?

Senator Olson: Go ahead. I do not know what it could be. Are you trying to wreck my speech?

Senator Molgat: He is taking your time.

Senator Cools: Just stop the clock.

Senator Murray: I will just take a minute. The other day, when the honourable senator was speaking on this general subject, I asked him whether he intended to vote "no" in the referendum. A number of us here distinctly heard him say, "I will vote no and I will do what I can to persuade others to vote no." I said fair enough, and the moment passed.

Later, according to the *Debates of the Senate* of that day, the honourable senator is reported to have said, "I am tempted to vote no".

I am wondering whether the honourable senator fiddled a bit with the "blues", or what his position is on the matter. I hope he will take this opportunity to clarify whether he is still tempted or whether he has yielded to the temptation.

Senator Olson: Honourable senators, I am having some problems with the implication that I "fiddled" with the blues. I respect the integrity of the reporters in this house and believe that they write what is said. If you want to fix up the language a little bit to make it more accurate, they will do that. I know of several cases where Senator Murray has done it. If he denies it, I will go and look him up.

Senator Murray: Go ahead.

Senator Olson: There is a much more important aspect to that question. My understanding is that this vote will be by secret ballot. I am going to go into a voting booth and vote for one side of the question. If anyone expects me to say in advance how I am going to vote, that is an invasion of my democratic rights. As a matter of fact —

Senator Frith: Did you not realize that the private ballot does not apply to public persons? That is what he is saying. If you are a public person, you are not entitled to the benefit of a secret ballot.

[Senator Olson.]

Senator Olson: I hope you do not ask people whom they are going to vote for in the next federal election. Is that what you are going to do?

Senator Frith: If you are a public person, apparently you do not get the secret ballot.

Senator Olson: Do you not have any respect for the secrecy of the ballot anymore? Why are you asking me how I am going vote? You want to violate my right to a secret ballot.

That is a pretty bad way to start off a speech. It makes me a little annoyed that I do not even have my right to a secret ballot anymore.

Senator Gigantès: On a point of order, the minutes wasted because of the intervention should be added to Senator Olson's allotted time.

Senator Olson: Thank you very much senator, I agree.

We need a redress of the balance of power for Western Canada, and especially Alberta, and it is not in this accord. A majority of the people in Alberta now do not believe it is fair. That is why I am speaking on this matter. I intend to use some pretty straightforward language. It will be plain and simple and straightforward enough that even Senator Murray will understand what I have to say.

Perhaps you do not understand that Western Canada has grown up a little bit since 1867. Between British Columbia and Alberta, we now have approximately six million people. There are about 2.6 or 2.7 million in Alberta and a little over three million in British Columbia. Under this new accord, Ontario will wind up with, I believe, 120 seats in the House of Commons, adding 18 to what they have now. You can do a mathematical calculation on that.

Quebec is going to add 18 to, I believe, 75. That is 93. Have you added up how many British Columbia and Alberta would get under this new deal? Alberta has 22, I believe. British Columbia has about 30. We get a little fewer than 60 with approximately the same number of people as Quebec, which gets 93. Is that fair? You are not fooling people in Alberta. They realize what kind of a shenanigan is going on here.

I want to tell you a few things about what has happened since the Prime Minister went out to sell the "yes" side. Between September 22 and September 24 Angus Reid polled 1522 adults. In Canada as a whole, support for the "yes" side slipped to 42 per cent, with 41 per cent for the "no" side. I am told that is a drop of 22 per cent in about ten days.

Let us take a look at Alberta. I am going to confine my remarks mainly to Alberta. At the present time, 34 per cent there say that they are going to vote for this constitutional accord while 50 per cent say that they will vote "no".

That happened during the period in which the Prime Minister was telling Western Canadians that, if they don't vote "yes" for this deal they are something less than a good Canadian. My phone line burned up. People asked me, "Who is this man, this Brian Mulroney, to come out here and tell us that we

are not good Canadians unless we vote for the very unfair thing that he is advocating?" That is what we are faced with. I do not know what you expect of us out there.

In addition, the Prime Minister, the Honourable Joe Clark and the Honourable Don Mazankowski are saying that all this confusion is driving the Canadian dollar down and creating uncertainty in the Canadian economy. I have heard all kinds of people in Alberta say that the Prime Minister's preachings of doom and gloom from one end of this country to the other unless we vote "yes" is causing more trouble in the international market than any other single factor.

Albertans do not want to be told that they are not good Canadians either. That ought to be clear.

In Alberta, and in fact all over Canada, this is turning into an elitist campaign. Only the big-shots are going to run this campaign for the "yes" side. They are going to tell all of us good Canadians that, if we don't vote "yes", we are going to break up Canada. Do you know who is leading the campaign in Alberta? The president of Nova and the senior vice-president of Nova are the two people who have been selected to lead the "yes" vote there. Peter Lougheed, the former premier of Alberta, is out there too. He goes to Toronto and says that the people of Alberta should vote "yes".

I will tell you a little story about that. Peter Lougheed was the Premier of Alberta in 1981, when they put together a corporation called Novatel. That is where the Nova comes from.

Senator Lynch-Staunton: Tell us about the National Energy Program.

Senator Olson: I will tell you about that, and I will get it right. Anyway, according to the Alberta Auditor General's report of a couple of days ago, Novatel is going to cost taxpayers of Alberta a minimum of $614 million because of what the Nova Corporation and Peter Lougheed, who are now the champions of the "yes" vote, put together.

There is no mistake that Novatel stinks a little bit in Alberta right now. It stinks to the tune of $307 million. I will explain why.

• (1850)

Nova Corporation was a 50-50 partner with a crown corporation called Alberta Government Telephones from 1981 until 1988, and Nova Corporation slithered out of that with the agreement of the government of Alberta. In fact, they even got money for their 50 per cent share of Novatel just a little while before it went belly up. These are great guys to tell Albertans how to vote! Not only do they get some money, but the people of Alberta are left with paying $614 million because of the incompetence of the management of this corporation that Nova and Peter Lougheed, who was Premier, put together at that time on behalf of the government. Do you not think that the people in Alberta understand that? Well, I want to tell you, when you see the polls dropping like a rock, you understand why this elitist campaign is not popular in Alberta.

Honourable senators, I was told by good authority today that Senator Twinn is saying that all Indian bands in Alberta will vote against the Charlottetown accord. Why? All of them—not some of them—will vote against it because it is a rotten deal as far as they are concerned. They did not get what they asked for: an inherent right to self-government. When they saw the agreement, they said, "Well there is nothing for us. It says that we must abide by all provincial laws across this country. That is not what we thought we had. That is not what Ovide Mercredi told us we would have by way of an inherent right to self-government." A great way to handle that part of Canada! I do not know what to say.

We have other problems as well, honourable senators. The Right Honourable John Turner got into the act in B.C. with Dave Barrett. He said that we must coax the people of B.C. to vote "yes". What does he know about Western Canada? When Prime Minister Trudeau turned the Liberal party over to him, there were 160 Liberal seats; two and a half months later, there were 40.

Senator Lynch-Staunton: That is quite the party you have there.

Senator Olson: A great idea for some of these so-called "elitists" to tell ordinary people how to vote!

Senator Lynch-Staunton: Condemn your former leader; that is nice!

Senator Olson: You can say what you like.

Then there is Senator Castonguay. He is gone. I wish he was here.

Senator Lynch-Staunton: That is why you are mentioning him.

Senator Olson: Where has he gone? He does not want to hear this.

Senator Murray: Your Whip is a member of the "oui" committee in Quebec. I saw his name in *La Presse* the other day.

Senator Olson: I do not know what all of these interventions are for. I am talking about what will happen in Alberta.

When former Prime Minister Trudeau wrote his essay about the blackmailers in Quebec and the subsequent situation, I saw Senator Castonguay on television responding to Mr. Trudeau's remarks. Do you know what he said? "But former Prime Minister Trudeau is not with it anymore."

Senator Frith: Unlike Castonguay.

Senator Olson: "He does not understand what the people of Quebec feel, so you must dismiss his comments." I want to tell you something about Pierre Elliott Trudeau. The last time he laid it on the line and asked for the support of Quebecers, he got 74 out of 75 seats. And to have someone in this chamber say that Trudeau does not know what Quebecers feel! I do not think Senator Castonguay's credentials stand up to Pierre Elliott Trudeau's at all.

Honourable senators, the Royal Bank has now gotten into the act.

Senator Lynch-Staunton: Mr. Chrétien, your leader, will be happy to read those remarks.

Senator Olson: While we are on that subject, perhaps I should tell the great Senator Lynch-Staunton—who seems to think he has a right to heckle everyone —that I had a discussion with Jean Chrétien and we have an understanding. He understands what I feel this is doing to Western Canada and Alberta in particular. He has given me room for some dissent in this discussion.

Senator Lynch-Staunton: Some dissent?

Senator Olson: I can understand that no one in your party would understand, because dissent is not tolerated in your party. "Out the door!" We have Mps from Alberta who got the boot. I am thinking of Mr. Kindy from Calgary and Mr. Kilgour from Edmonton. Boot them out of the party as soon as they dissent. We do not do that in the Liberal party.

Senator Murray: Our loss is your gain.

Senator Olson: Now we have the Royal Bank in the act as well, these elitist big shots telling ordinary Canadians how to vote.

Senator Bonnell: How many bankruptcies does the Royal Bank have in Alberta?

Senator Olson: The bank has been vicious on bankruptcies all over Canada. We now have the worst bankruptcy rate in Canadian history. It is not only the Royal Bank, but a whole lot of others as well.

We have the new president of Nova telling Albertans how to vote. Do you know what else he is? He is Chairman of the Business Council on National Issues. His flunky, Thomas d'Aquino, runs around the country saying —

Senator Murray: Formerly of Mr. Trudeau's office.

Senator Olson: Never mind that. He runs around the country bragging to everybody that the BCNI is composed of 150 of the biggest corporations in Canada. Isn't that nice! And they are telling us how to vote? Now we have the biggest bank telling us that we better vote "yes" or else. Or else what? It is ridiculous! Then Mr. Allen Taylor says, "I am really not trying to influence anyone to vote one way or another." That is what he said.

The Hon. the Acting Speaker: I wish to inform the honourable senator that his time has expired.

Senator Olson: Well, I have a few more things left to say.

Senator Murray: He has a few things left to say.

Senator Olson: If you want to call me, I do not give a darn. Just call the next item and we will go on to it. Suit yourself.

Senator Murray: As you wish.

Senator Olson: I would rather finish my speech now.

Senator Murray: Certainly, you can have a few minutes.

[Senator Olson.]

Senator Olson: No, not a few minutes; as much time as I need!

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

Senator Murray: He can take a few minutes.

Senator Olson: No, way. If it is going to be a few minutes, stuff it; I will wait.

Senator Murray: You can have 15 minutes.

Senator Olson: By the way, there are three more items on the Order Paper that I can call, so I can get 45 minutes more if you want; but if you want me to finish now, I may finish in about 15 minutes. If you are not willing to do that, then call the next item.

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

Hon. Senators: Agreed.

Senator Olson: Honourable senators, I want to tell you a bit about big shots, presidents of big banks like the Royal Bank and the president of the BCNI. I used to deal with people like that. When I was Minister of Economic Development in Canada, I used to have meetings with those people on a regular basis. Nice men; do not misunderstand me. They are competent men, intelligent and pleasant. However, every time I went to those meetings, I knew that I had to be careful, because big shots look after big shots' interests. They do not give a damn about whether Alberta is getting a fair shake in this matter. They think there are dollar signs involved in all of this.

As far as Nova is concerned, it is worse. They have been into the provincial treasury for about half of $600 million or $700 million. They have already slithered out from an amount of over $300 million. What is it they want? Do they want into the trough again? Why appoint to the "yes" committee two people from Nova? What comes to mind is that they could not get anyone else. Where are all the other people in Alberta.

Senator Murray: Honourable senators, the "yes" committee, wherever it is, it is not a government committee.

Senator Olson: It is a committee of big shots.

Senator Murray: The government does not appoint the members of the "yes" committee.

Senator Olson: Are you saying that Mr. Nearing is not on that committee?

Senator Murray: Who?

Senator Olson: Nearing or Near, or something like that. He was the campaign chairman for the Conservative party in the last campaign, and he has been appointed to do the job on the "yes" committee.

I also understand that he has been appointed as the Conservative campaign manager in the next federal election. That is who you have on there.

• (1900)

Senator Murray: I do not know about the latter point but the fact of the matter is that the law provides that groups of people can form themselves into "yes" or "no" committees and register. I have a list here of various "yes" and "no" committees that have registered; what they are, their heads and the people who have registered.

Senator Stewart: They sprang up spontaneously.

Senator Murray: Certainly, the government has nothing to do with who is on the "yes" committee in Alberta.

Senator Olson: Are you trying to tell me that the Conservative Party had nothing to do with it either?

Senator Murray: That is a different thing. We are talking provincially.

Senator Olson: I beg your pardon, not federally?

Senator Murray: Honourable senators, the government had nothing to do with the membership of the "yes" committee in any of the provinces.

Senator Olson: That is a bunch of baloney.

Senator Murray: The honourable senator can say that, but I am telling him that the government has its own role in the referendum. The Chief Electoral Officer runs the referendum, the government takes upon itself the responsibility —

Senator Olson: I wonder if you are subtracting time for all this.

Senator Murray: —to make copies of the agreement available to people. Ministers, MPs and senators of the Conservative Party are, of course, campaigning in favour of the "yes" or "oui".

Senator Olson: Of course, you are spending $20 million of taxpayers' money too. If you do not believe that, we can have it out tomorrow.

There are one or two other things that have to be said about this referendum campaign. Let me quote from the *Calgary Herald* of September 24:

> Alberta will drop its support of the Yes side in the constitutional referendum campaign if a full legal text is not available well before the Oct. 26 vote, Deputy Premier Jim Horsman says.

The article goes on to say:

> "The necessity for (a full legal) text is absolute," he says, rejecting suggestions that release of a partial text would be satisfactory.

The article also says that he is pushing for release of the legal text by October 1. I am not sure whether he will withdraw the support of the government of Alberta on October 1, but he is suggesting that we at least need to know what the text will be.

Let me give you one other comment. Federal Justice Minister Kim Campbell says that a legal text is not necessary for Canadians to decide which way to vote.

Senator Cools: Fire her.

Senator Olson: That is what we face. I want to tell honourable senators about one other thing that is fairly important. The federal bureaucrats who are trying to write the legal text are fiddling with it. They are putting things in that are not in the agreement. Do you know how Jim Horsman knows? A women's organization had obtained a copy of the first or second draft of the legal text, and they came to the conclusion that some people down here were fiddling with it.

Senator Murray: Honourable senators —

Senator Olson: Will the honourable senator sit down? I hope he will make a full-length speech when I have finished.

Senator Murray: You are probably the only person in the Senate who hopes that.

Senator Olson: I will just tell you that Jim Horsman as the Deputy Premier, by the way, is also the person who has been leading the discussion for and on behalf of Alberta. I am not sure whether he is Attorney General of Alberta. In fact I do not think he is, but he is the person who needs to take the legal text and check it against what he agreed to.

Senator Murray: Yes, and he and 16 other people have a veto.

Senator Olson: Sit down for a while!

Senator Murray: You understand that the legal text is not what the Government of Canada says it is. The legal text will be —

Senator Olson: I know it is not; it probably will not be what the document says it should be, either.

Senator Murray: The legal text will be what the Government of Canada, ten provinces, two territories and four aboriginal associations say it is. Each of them has a veto over that legal text. So do not speak of it as if it were a Government of Canada responsibility or document.

Senator Olson: The Leader of the Government as usual has completely lost the point. He never grabbed it in the first place. What I am trying to establish is that Jim Horsman has probably been sent the first draft. That is why he wants the rest of it, before people have to vote on it. He is more diplomatic than I am. He did not say in the newspaper that you had been fiddling with it, but other people who have seen the document are saying that. You are messing around with the agreement. You are putting emphasis that was never intended on certain aspects.

Senator Murray: Such drafts as are in circulation have been worked out by all the parties, including Mr. Horsman's officials.

Senator Cools: Why can't we get one?

Senator Olson: Why can't you get it done so that the people of Canada will know what they are voting on? We could vote for this so-called package, and then when the legal draft comes out it could be sufficiently different that a lot of people will say, "Oh, but you voted for it."

Senator Murray: No.

Senator Olson: That can happen, and you know it can happen.

Senator Murray: Alberta has a veto; the government has a veto on the text.

Senator Olson: Many people I know are afraid that that will happen. But the government of Alberta does not have a draft; does not have the text.

Senator Murray: Their officials are involved in working on the draft as we speak. They have been meeting all day today in Ottawa—the federal government, ten provinces, two territories and four aboriginal associations have been meeting all day, working on the drafts.

Senator Olson: When will we get the draft? Why are we voting on something that is not ready? Anyhow, at least I hope we know —

Senator Frith: They are working on it.

Senator Olson: They are working on it. I will tell you one thing you are not working on; you are not working on the numbers. Ontario gets 18 more seats. Quebec gets 18 more seats. Alberta gets two. Will you fiddle with those, too? That is not fair. That gives absolutely no consideration to the redress of the balance of power and influence in the Parliament of Canada, and people do not want it. That is why the support for the "yes" side is dropping like a stone.

I told you the other day that I would not go around telling people whether to vote yes or no, but I would like them to be informed on what is going on. What is going on is that we in the West have really been shafted on the distribution of the seats, and you do not intend to tell us the rest of it. Then what do you do? You send out a bunch of big-shots to tell the ordinary people in Alberta how to vote.

Senator Bonnell: Not only in Alberta but all of Canada.

Senator Olson: Are they doing it in P.E.I., too?

Senator Bonnell: Not yet.

Senator Olson: They are doing it in Alberta, and I think it is sad that a Canadian government would do that to any part of the country.

I will not go around preaching gloom and doom. I want to tell you one other thing: In the past three weeks the intensity of Western alienation has reached its highest level ever because of what you are trying to do to us. You should be ashamed. Yet here you want to sneak in a legal text sometime after the people have voted for it. I hope that senators all over

[Senator Murray.]

Canada, but particularly in Western Canada, will do what I am doing and go out and tell people what they are getting. People are coming to me and saying, "Bud, what is going on? It looks like we are getting beat, and that we are worse off than we were. We can't find out."

● (1910)

All the Prime Minister and Joe Clark ever say when they come to Alberta is, "Vote for it, or break up Canada. This is your last chance!" What type of an argument is that? Those people out there are intelligent. They would like to be persuaded that it is a good deal. The more they look at it, the worse it gets. I think it is pretty sad.

I intend to order several thousand copies of the text that the government has put out. In fact, I have ordered 2,000, and I intend to send them all over Alberta so that people can see the explanation of the Charlottetown accord that the government has put in a pamphlet.

Senator Murray: We are sending it to every mailbox in the country, so you can save yourself the trouble.

Senator Olson: I am sending out a few, too, but I intend to insert a letter to caution the people to look at certain parts carefully.

I am not advocating a negative vote. If there is to be a secret ballot, people should make up their own minds, but they need to be informed.

Senator Murray: They need some leadership from honourable senators, too.

Senator Olson: They tell me some organizations have done an analysis and that there are 45 to 65 things in that so-called agreement that are subject to more negotiation. We will be having more discussion on this, and more negotiation on that. If you want me to go through it, it will take me an hour. Even in the paper that the government prepared there is no final decision included therein. Yet they want the people to vote, and they are asking them to vote "yes". Talk about a pig in a poke!

I hope that the government has enough respect for certain parts of Canada, such as Alberta, that it will at least be precise about the matters that it intends to negotiate. What is the government's intention with respect to all those parts of that so-called agreement that are subject to further negotiation? We have to discuss it a little more. That is great.

I hate to say this because it is mean, but people in Alberta no longer trust Mr. Mulroney. They do not believe anything he says. They no longer believe what Joe Clark says.

Senator Frith: What about the other parts of the country?

Senator Olson: I do not pretend to speak for other parts of the country.

Senator Murray: How about Mr. Chrétien?

Senator Frith: A lot more. They do in my province, but mind you, it is not hard to be more trusted than Mr. Mulroney.

Senator Olson: Perhaps Senator Murray should make a speech so we can have the benefit of the full weight of his opinion as to what is good in this agreement.

The senators do not say very much because they think it is self-serving; that if we try to defeat this motion we might save our places in the Senate. I do not how many there are, but I know there are many people who feel this way.

Senator Thériault: I'm not one.

Senator Murray: You are in favour of it.

Senator Thériault: That's right.

Senator Olson: As far as I am concerned, that is a pretty insipid, sterile argument. I did not come here to be a nice guy. It just happens that I am nice most of the time.

My purpose is to stand up in this chamber and tell senators what people in Alberta think about the issues. That is my job. I intend to pursue it as vigorously as I can, and the all snippy, snide remarks of the Leader of the Opposition really will not —

Senator Frith: Leader of the Government.

Senator Olson: Sorry, you are absolutely right.

Senator Murray: Delusions of grandeur.

Senator Olson: He will not deter me from what I consider my most important duties; that is, to tell the government when it is doing a serious disservice to a part of Canada.

I thank the honourable senators for their attention. I would like to express my appreciation to senators opposite for allowing me a little extra time in order that I could complete my remarks and describe how annoyed most people are in Alberta about the way in which the government is handling this situation.

Senator Murray: The honourable senator used a number of names from Alberta in connection with the "yes" committees. I simply want to place on the record the fact that as of yesterday, the "yes" committees that are registered from Alberta are the Alberta-Canada Committee whose chief and whose agent is Mr. C. Kent Jespersen.

Senator Olson: I know him very well. He used to work for me.

Senator Murray: Well, his address is there.

Senator Olson: He is a senior vice-president of Nova. That is his job, and I explained how Nova is regarded by people in Alberta.

Senator Murray: I am sorry my friend has such a dim view of this man. I cannot defend him because I do not know him.

Senator Olson: I have a good view of the man, but he should not tell us how to vote in Alberta.

Senator Murray: His address is in Calgary, and I assure you that whoever appointed him, the government did not.

Senator Olson: Wait a minute. How come you have all these names if the government is not involved? Who do you think you are kidding?

Senator Murray: Then there is the Together for Canada Calgary Association. It is another "yes" committee, and its chief agent is Brian Felesky.

Senator Olson: The honourable senator is reading from a government document.

Senator Murray: This has come from Elections Canada; it is public information.

Senator Olson: Is Elections Canada not part of the Government of Canada; part of the institution of the Ottawa scene? Good heavens!

Senator Murray: Everyone knows that Elections Canada is independent. In this case, periodically its information division puts out, for the benefit of the public and the media, a list of the committees for the "no" and the "yes" sides that have already registered. Because the honourable senator used various names from Alberta, I wished to place on the record the names of apparently two Alberta "yes" committees that have registered to date, their chief agents being Mr. Felesky and Mr. Jespersen, neither of whom is known to me and who formed their "yes" committee on their own volition and initiative.

Senator Olson: It is obvious that the Leader of the Government does not know anything about what is going on in Alberta. Everyone knows that it is the two senior officers of the Nova Corporation that are leading the "yes" campaign. If you want to deny that, at least you should come to Alberta and listen for a while.

Senator Lynch-Staunton: Have you read Senator Fairbairn's remarks, your fellow senator from Alberta?

Senator Olson: No, I have not read them. When were these intelligent remarks made? I was out of the country for a while. I know what senators opposite are attempting to do; they are attempting to put words into my speech and degrade me. Let me tell them they will not make it.

Senator Frith: They cannot handle your arguments, that is why.

Senator Olson: I would like to tell senators something about Albertans, if you think they are stupid or fools —

Senator Lynch-Staunton: Read Senator Fairbairn's speech.

Senator Olson: I did not say that. If you want to say that you can take responsibility for saying it. I do not know what she said. I know what my responsibility is and that is to stand up in this chamber and tell you what the people of Alberta are telling me, and that's exactly what I have done —

Senator Lynch-Staunton: And that is her responsibility, too.

Senator Olson: —and the people of Alberta resent the government dismissing them as being fools; that the government think they can do this to Western Canada without suffering some of the consequences.

Senator Lynch-Staunton: Like the Trudeau government did?

Senator Olson: Is he not a great guy?

Senator Frith: They do not want to deal with the issues.

Senator Olson: They do not want to deal with the issues at all. Unfortunately, these are the kinds of asinine remarks that are typical of Senator Lynch-Staunton. He apparently does not know how to act in any other way and that is too bad. Whether you like it or not, I intend to say what I have on my mind.

I am very grateful for the time, and I hope that honourable senators will understand what is going on in that part of Canada. I did not speak about British Columbia, but I could mention some figures. The support for the "yes" side is also dropping like a stone in that province. Do senators opposite know why? The Prime Minister went out there and told them they were a bunch of poor Canadians for not voting "yes". Do you think those tactics work? Perhaps you should convey that message to the Prime Minister.

Senator Murray: The Prime Minister never said anything of the kind, and you know it.

• (1920)

Senator Olson: He said all kinds of people. You are against Canada if you —

Senator Murray: Put it on the record. Bring it in and put it on the record.

Senator Olson: Will you give me a chance tomorrow?

Senator Murray: Sure.

Senator Olson: I bet you will. I bet you are trying to adjourn the debate as quickly as you can. Thank you very much, senators.

The Hon. the Acting Speaker: If no other senator wishes to speak, this inquiry is considered debated.

The Hon. the Acting Speaker: Before the adjournment motion is put, I wish to invite honourable senators to the Speaker's Chamber after the adjournment, if they wish to have a few refreshments.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, September 30, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, a democracy-respecting government as defined by Senator Murray has 51 days to Election Day. Since I believe there is a 50-day minimum for the election writ period, that means one day. That may be a bit too strict, so let us say there are 51 days for the respecters of democracy. Even at that, we would be holding the election sometime in the middle of November.

However, if it is any comfort to those who do not respect democracy, but rather are cowardly and contemptuous of democracy, they have 437 days left.

TRANSPORT CANADA

CANADIAN COAST GUARD—STATION CLOSURES IN NEW BRUNSWICK AND NOVA SCOTIA

Hon. Eymard G. Corbin: Yesterday, I drew your attention to the concerns of the "Keep Letete" committee from Charlotte County, New Brunswick, which questions the decision of the Canadian Coast Guard to close the Letete Central Monitoring Station, as well as the Cape Forchu centre in Nova Scotia. Both centres monitor the unmanned lightstations in each area.

I will continue reading from this letter, which many of you have received, in the hope that perhaps the Standing Senate Committee on Transport and Communication will want to study this whole matter.

I regret that government-imposed rules do not permit me to read all of the letter in one blast.

Some of the issues are:

> The direct economic loss from Lightkeeper lay-offs . . .
>
> The dismantling of infrastructure necessary for healthy economic growth . . .
>
> The Coast Guard refusal to reveal or acknowledge long term intentions.
>
> Secret preparations for cuts and lay-offs at district level, contrary to political assurances.
>
> Employment of unethical tactics to deflect and mislead both public and employee concerns.
>
> Service cuts and/or changes based entirely on political expediency, instead of sound fiscal and user needs.

Some of the solutions are:

> An unambiguous commitment and policy from Transport Canada to maintain existing lightstations and other short range navigational aids . . .
>
> An acknowledgment from Transport Canada that lightstations and their staff have an intrinsic value to their areas that is substantially greater than their narrow mandate of ensuring proper operation of navigational aids . . .
>
> An open minded review of individual stations, with the intent that each shall perform as many roles as the local needs and conditions allow.

Then the conclusion:

> Lightkeepers, as a group, have proven their ability and willingness to provide maximum service with any resources available. Only employment uncertainty in recent years has affected recruitment of people who maintain the deep commitment seldom found outside the light service. Remove that uncertainty and the lightkeepers will maintain a 200-year tradition of superior service.

THE CONSTITUTION

CHARLOTTETOWN ACCORD—WESTERN REPRESENTATION

Hon. H. A. Olson: Honourable senators, I should like to say a few words about the problem I am having in relation to this referendum. Some of you will know that I made a few remarks yesterday.

Senator Doody: I thought you had finished that.

Senator Olson: Pardon me? I have only three minutes. I hope, that Your Honour will keep track of Senator Doody's interruptions, so that I am not robbed of any portion of my three minutes.

Senator Doody: I did not stop your flow. You did.

Senator Olson: I always listen when somebody else starts talking.

I want to say that, ever since I found out what was in this deal for Western Canada, I have been constantly haunted by a thought. I think of the Right Honourable John Diefenbaker, and what he would have done if he had seen his part of the country being shafted in the manner that we in the West are experiencing at this time. If he were alive today, do you know what he would do? He would stand up in this Parliament and everywhere else and tell everyone who would listen that it was

his belief that his people need to be represented accurately in the halls of Parliament. He would not be intimidated by the powers of central Canada, and he would represent them accurately.

I appeal to the senators from Western Canada. I am sorry that a number of them who were here yesterday are not here now, especially from the other side of the house. I would exhort them to get up on their feet and defend our part of Canada. We are going to get shafted on the numbers in the Parliament of Canada, and then this package is going to fix the amending formula so that we cannot repair it.

Is it not time you got up and told the people in Saskatchewan, Alberta, Manitoba, or wherever you are from, that this deal is not good for Western Canada? We are worse off, not better off, as far as representation is concerned.

What is more, we have just about 6 million people now in British Columbia and Alberta, and yet we are getting 32 plus 26 plus 6 members. Do you know how many the provinces in central Canada are getting with 6 million people? They are getting 50 per cent—93—or 30 per cent more. Is that fair? If you think it is fair, sit still and let it pass; but I don't think it is fair.

When there was something to be said for the interests of the part of Canada from which he came, Mr. Diefenbaker, whom I knew well, who brought the Conservative Party out of almost complete oblivion and made it a national force, got up and said it in the House of Commons. He didn't just sit there on his hands because of problems he was having with the much superior forces in central Canada. He did something , and I remember Mr. Diefenbaker saying a number of times, "It is the right thing to do", and "I stood alone in this Parliament."

If you people opposite think that sitting still is the way you should represent Western Canada, you should hang your heads in shame. Get up on your feet and defend our part of Canada, which is getting shafted. Or will you just let it go?

Hon. Philippe Deane Gigantès: Honourable senators, just to respond to that, if I understand what has been happening in this country in terms of propositions for the reform of the federal parliamentary system on behalf of Western Canada, it was a demand on their part that there be a new Senate that is elected with equal representation from the provinces.

Senator Olson: No, there is an "E" that stands for "effective" too.

Senator Gigantès: You did not want them to interrupt you, sir. Could you give me the same courtesy. Please, do not count the time of interruption.

To continue what I was saying, the theory is that there should be equal numbers of senators per province. The West always said that this was because the House of Commons was represented by population.

If senators from the West were to take a calculator and use Statistics Canada's June, 1992, edition of historical statistics to find the proportion of the population for each of the provinces, and then the proportion of MPs they will have in the new reorganized House of Commons of 337 members, they would find that central Canada—in other words, Ontario and Quebec—will still have a little less than the proportion they should have according to their population.

[Senator Olson.]

I have done these calculations and I have them in my office for anyone who wants them. Eastern Canada will remain a little over-represented. Those are the figures. I am not giving you theory; I am giving you arithmetic.

● (1410)

Senator Doody: How far east is "east"?

Senator Gigantés: Western Canada, after 1996, will be dead on. I do not think that this particular change in the election of the new Senate will take place much before 1995. So they might be disadvantaged for one year.

As for the effectiveness of the Senate, the proof of the pudding will be in the eating. It is very difficult to tell in advance how effective this new Senate will be.

Senator Thériault: It will be.

Senator Gigantès: There is no doubt that, because of the fact that they will be elected and each of them will represent a much greater number of people, elected senators will speak with much greater authority than we are allowed. Thus, if you wanted "rep by pop" in the House of Commons and "rep by province" in the Senate, that is what this new agreement is giving you almost dead on the nose, like it or not.

Senator Olson: That is crap!

Senator Lynch-Staunton: I would like to attend one of your caucus meetings.

Senator Olson: You do not know how to multiply.

Senator Frith: His arithmetic is good.

ROUTINE PROCEEDINGS

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, as indicated yesterday, the business of the house being what it is, we can assume that we can adjourn this afternoon or sometime later today. The knowledge that we have of any business coming from the other place being what it is, we feel that this house can stand adjourned until December 1, 1992. The only exception to that is that we will be called back sometime after Thanksgiving, after the hearings on Bill C-80 by the Standing Senate Committee on Social Affairs, Science, and Technology, to deal with its report and deal with the bill on third reading.

Honourable senators, with that explanation, with leave of the Senate and notwithstanding Rule 59(1)(*h*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, December 1, 1992, at 2 o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

THE CONSTITUTION

CORRESPONDENCE BETWEEN PRIME MINISTER AND PREMIER OF QUEBEC—DOCUMENTS TABLED

Leave having been given to revert to Tabling of Documents:

Hon. Lowell Murray (Leader of the Government): Honourable senators, for some days there has been a question before us concerning correspondence exchanged between Prime Minister Mulroney and Premier Bourassa. That correspondence was tabled in the National Assembly of Quebec on September 16. As I said earlier, there would be no objection, therefore, on the part of the government of Quebec, as there is certainly none on the part of our government, to tabling these documents in this place.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 338 citizens of Nova Scotia who oppose the goods and services tax.

These petitions come mainly from Margaree Valley, Margaree Forks, Antigonish, Little Judique, Mabou, Dartmoth, Creignish, Port Hastings, Inverness, Bras d'Or, George River, Cheticamp and Sydney.

Honourable senators, I have the honour to present petitions signed by 198 citizens of Alberta who oppose the goods and services tax.

These petitions come mainly from Manning, Peace River, Nampa, Grande Cache, Dixonville, Grimshaw, Berwyn, Calgary, Valleyview and Grande Prairie.

Honourable senators, I have the honour to present petitions signed by 100 citizens of Saskatchewan who oppose the goods and services tax.

These petitions come mainly from Regina, Saskatoon, Moose Jaw and Fellmore.

Finally, honourable senators, I have the honour to present petitions signed by 501 citizens of Quebec who oppose the goods and services tax.

These petitions come mainly from Lachine, Ile Perrot, Vaudreuil, Pointe-Claire, Montreal, St-Lambert, Val Racine, Brossard, Ste-Sophie, Knowlton, Lac Brome, St-Alphonse, Drummondville, Chicoutimi Nord, Ste-Foy, Alma, St-François-de-Sales, St-Hyacinthe, St-Dominique, St-Honoré, Jonquière and St-Ambroise.

These petitions reached me in July, in case that might interest Senator Murray!

This makes a grand total of 1,137 Canadians who are unhappy with the government and its GST, and there are millions more like them!

[*English*]

VETERANS AFFAIRS

PRESENTATION OF PETITIONS

Hon. Jack Marshall: Honourable senators, I have the honour to present several petitions —

Senator Hébert: Against the GST?

Senator Marshall: —comprising 215 names; individual signatures from the provinces of Ontario, Alberta, Saskatchewan, New Brunswick and British Columbia, praying and calling upon Parliament to support the activities of the Senate Subcommittee on Veterans Affairs in examining the authenticity of the series of films under the title: *The Valour and the Horror*, namely, *Savage Christmas: Hong Kong 1941*, *Death By Moonlight: Bomber Command*, and *In Desperate Battle: Normandy 1944*.

QUESTION PERIOD

THE CONSTITUTION

REFERENDUM QUESTION—STATEMENTS OF PRIME MINISTER—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have some questions for the Leader of the Government in the Senate, but before posing them, I wish to make a few general comments. One such comment is that a quick reading of the Order Paper indicates there will not be very much other business today. Therefore, I hope that we can extend the Question Period a little, if it becomes necessary. I have no indication at this time that it will be, but it might be.

I say that because I have questions on three subjects: One on the Constitution referendum where I am seeking some clarification, one on the Westray issue and one on NAFTA. When I am finished with my questions on the constitutional process, other senators on either side may wish to join in, so I will yield at that point with the hope that I can continue on and ask my other questions after that subject has been exhausted.

Honourable senators, on Monday of this week the Prime Minister appeared in Sherbrooke, Quebec, to speak about the referendum. At that time he warned, according to a press report of that event, as follows:

> "A No will not mean 'business as usual'. It will mean the end of negotiations and the end of the process that lead to Charlottetown. A No will mean —

and I underline that.

> A No will mean as (PQ leader Jacques) Mr. Parizeau admits, the beginning of the process of dismantling Canada."

He then proceeded, in a somewhat circus-like fashion, like a circus strongman—and perhaps that is how we sees himself—to rip the Charlottetown agreement in two.

Senator Gigantès: Only three pages.

Senator Frith: The next day in Halifax he denied saying what he had, in fact, said. Later, in a television interview, a question was asked as to whether he felt any personal responsibility for the falling dollar.

• (1420)

Mulroney replied:

> Of course not. What I was doing yesterday, I was referring to Mr. Parizeau, not me.

However, in the speech in Sherbrooke, he said: "A No will mean, as Mr. Parizeau admits, the beginning of the process of dismantling Canada." It was very explicit that, in the opinion of Mr. Mulroney, a "no" means the beginning of the end for Canada and that Mr. Parizeau admits it. It was not, as he was implying, simply a matter of that being what Mr. Parizeau believed. He said, "This is what I, the Prime Minister, say, and it is something Mr. Parizeau admits to be true".

On that subject, I would ask the Leader of the Government in the Senate, does he agree with the Prime Minister and Mr. Parizeau?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think you have to look at the reference to Mr. Parizeau and indeed to the "no" forces in Quebec in the light of the strategy that they adopted almost immediately upon the calling of the referendum. At that point, Mr. Parizeau and his colleagues were trying to advance the somewhat insidious, in my view, argument that a "no" vote in the referendum would be absolutely without consequences; that a "no" vote was not really a vote on sovereignty; that a "no" vote was simply for the continuation of negotiations. Thus did Mr. Parizeau hope to attract the support of people who are federalists.

Since that time, Mr. Parizeau and some of his supporters, notably the Honourable Lucien Bouchard, have really let the cat out of the bag. Mr. Parizeau, when speaking to a group of students within the past week or so, trumpeted the fact that a "no" vote would, indeed, get the last impediment out of the way and the road would be clear to sovereignty.

What the Prime Minister was doing in his speeches in Sherbrooke and in Halifax, and in some other interviews that I saw referred to, was to highlight the fact that Mr. Parizeau and his colleagues had now taken the veil away; they had disclosed what had been their objective all along, and their true objective in this referendum, as in their political activity generally, is to bring about the separation of Quebec from the rest of Canada.

Senator Frith: I do not know whether other honourable senators are having the difficulty I am having in understanding whether that was an answer to my question, although I must say that I appreciate the Leader of the Government's wanting to get those words on the record; but perhaps we could get back to my question.

The statement I was asking him about was:

> A No will not mean 'business as usual.' It will mean the end of negotiations, and the end of the process that led to Charlottetown. A No will mean . . . the beginning of the process of dismantling Canada.

My question was: Does Senator Murray agree with the Prime Minister and Mr. Parizeau that a "no" vote will have that result?

Senator Murray: Honourable senators, quite a number of us have said—and of course I support what I believe is the obvious conclusion—that a "no" vote on October 26 will, indeed, be the end of the process that led to Charlottetown.

Nobody with any knowledge or experience in these matters truly believes that a "no" vote would be followed by a resumption of negotiations among the federal government, 10 provinces, two territories and four Aboriginal associations. To expect such a thing to happen would be totally unrealistic in political terms.

• (1430)

As for it being a step towards the dismantling of the country, yes, I have no doubt that the forces of separatism in Quebec, led by Mr. Parizeau and Mr. Bouchard, would immediately interpret a "no" vote as the first step towards separation. I think that the demand for a referendum on sovereignty would increase quite considerably, and that Quebec and the rest of the country would be in a difficult position indeed.

Senator Frith: Honourable senators, I think I detected a hint, at least, that the answer to my question is yes, that the Government Leader does agree with the Prime Minister and Mr. Parizeau. Let me just try to tighten it up a bit to be sure that I do understand.

What will happen if the referendum results in a "no" vote in this context? If the government calls an election between now and October 26, that would have the result, of course, of derailing the whole referendum process under the legislation we passed. However, assuming that this government is still in office on October 27, and there is a "no" vote, will constitutional negotiations end, as Mr. Mulroney has said—and as apparently Senator Murray agrees—and will the government then begin negotiating the dismantling of our country? Would that be their policy on that occasion?

Senator Murray: Honourable senators, as I hope the honourable senator understands, the statement I have made, and which has been confirmed by many of the parties to the Charlottetown agreement, including Premier Rae in the last few days, is that it would be totally unrealistic to expect that constitutional negotiations could resume on the ashes of the Charlottetown agreement.

Second, the answer of course is no, we do not intend to negotiate the dismantling of the country, but I have already pointed out that that is the option of the separatist forces under Mr. Parizeau, and I have no doubt they will do everything possible to bring it about.

Third, I may say, perhaps to the disappointment of some honourable senators opposite and to the surprise of others, that I fully expect the results of the referendum on October 26 to be a resounding "yes", nationally and in every province and territory.

Senator Frith: Honourable senators, if I understand the answer, the government would not, in those circumstances, initiate any dismantling, but would have to respond to any initiatives taken by another government.

Senator Murray: Honourable senators, the Parti Quebecois is the opposition party in Quebec. Mr. Lucien Bouchard leads a small group in the House of Commons. I am stating that in terms of their public positions and their parties, they would take new encouragement—and why would they not from a "no" vote—that their option was in the ascendancy, and their objective is the dismantlement of the country.

I take it that that objective is not shared by the honourable senator, who I presume will be taking part in this campaign on the side of the "yes" forces, however faint-heartedly. That option is not shared and will be fought against by all those who are true federalists.

Senator Frith: We do not really know what the government will do in that case because they cannot contemplate the possibility, and of course our position and this party's position is that we do not want that result, either. However, we understand that the government is certain it will not happen, and therefore has no particular position as to what it will do if there is a "no" vote either in Quebec or in some other provinces. The government is not thinking about that.

CHARLOTTETOWN ACCORD—AVAILABILITY OF LEGAL TEXTS—DESIRABILITY AND DATE OF ISSUANCE—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Let me turn to one other aspect, then, that has been the focus of a good deal of attention, and that is the question of the legal texts. Some governments, including those that were negotiators at Charlottetown —

Hon. Lowell Murray (Leader of the Government): And all governments were.

Senator Frith: Yes, of course, they all were. I am just underlining the fact that they were members of the negotiating team.

Messrs. Getty and Wells have stressed the importance of having the legal texts prior to October 26. Mr. Horsman, I understand from what our colleague Senator Olson told us yesterday, is quite firm on this point. However, Premier Rae suggested that Canadians do not need the legal texts in order to make an informed decision.

I would like to know this from the government leader: Have there been discussions between the representatives of the federal government and the provinces about the desirability or the advantages and disadvantages of releasing the final legal texts before Canadians have a chance to vote on October 26? Second, was the question mooted as to whether or not we should issue the legal texts before that date?

Senator Murray: Honourable senators, the only answer I can give to that question is that all of the governments involved have been working diligently to conclude the legal texts. The officials representing the federal government, ten provinces, two territories and four Aboriginal associations met three times prior to this week and are meeting all this week —and will have met four times this week—with a view to reaching an agreement on all of these legal texts.

Of course it must be stated that the political leaders who negotiated the Charlottetown agreement will, as a group, have to give final approval to the legal texts. The texts would be brought into Parliament and into the various legislatures for ratification.

Senator Frith: Again, I have some useful information, but that really was not my question. My question was based on a memorandum of September 15, which states:

> Heads of delegations reviewed the advantages and disadvantages of releasing legal texts during the referendum campaign.

We now know from the answer given by the Leader of the Government that they have been discussing, preparing and reviewing legal texts. My question was whether those involved, including the government of which he is a member, discussed the disadvantages or advantages of releasing legal texts during the referendum campaign.

I assume that the Leader of the Government is familiar with that memo. Its existence was confirmed by Mr. Mark Entwistle of the Prime Minister's office.

My question is: Did this government and the other governments actually consider the advantages or disadvantages of releasing any text?

Senator Murray: Honourable senators, views may have been expressed on one side or another on that matter, but the discussion would be purely hypothetical, and still is since the governments do not know whether texts would be concluded and approved prior to October 26.

Senator Frith: That is still not dealing with my question. Let me ask if the Leader of the Government will obtain that document and table it for us.

Senator Murray: Which document?

Senator Frith: The memorandum of September 15, 1992, confirmed by Mr. Mark Entwistle who, according to a Canadian Press story, described how some wording was revised in the final version of the memo. I wonder if we could have a copy of that.

However, I am still asking—and I again detect that the answer is yes—whether the parties involved actually considered the possibility of not releasing a text even if they had one. This is not conditional on the question of whether they have one or not. They were discussing the advantages and disadvantages. I want to know whether the government considered the possibility of not releasing a text since the government apparently discussed with the other governments the advantages and disadvantages of releasing texts.

Senator Murray: I honestly cannot imagine what disadvantage there would be in releasing legal texts that had been agreed to by all the parties. I cannot imagine how anyone could see any disadvantage in that. I would see some disadvantage in having 17 different drafts flying around, leading to all sorts of confusion and misinterpretation.

• (1440)

I see no disadvantage, and I do not know anyone who does see any disadvantage, in making public the texts that are finally agreed to by the parties concerned. Was that the question?

Senator Frith: No, it was not. The question was: Did the government and the others negotiating consider and review the advantages and disadvantages of releasing the texts? The answer given by Senator Murray was, "I cannot imagine any disadvantages." The question was, "Did they consider it?" I suppose I will have to assume they did, because he has not challenged the authenticity of the document.

Senator Murray: The honourable senator did ask for a document. My answer to that is this: The government will be happy to table any document which the federal government, 10 provinces, two territories and four Aboriginal associations have agreed to place in the public domain.

Senator Frith: The answers I keep getting do not deal with whether the advantages or disadvantages of releasing the texts were considered. I will take it that the document is not being challenged thus far. We have only the opinion of the Leader of the Government in the Senate on the question pertaining to whether he thinks there are advantages or disadvantages.

Let me go on.

> The memo is a record of a Sept. 10 meeting between federal and provincial officials, and contains legal text proposals that could alter or expand on key parts of the Aug. 28 constitutional accord.

That is not a quote from the document, but a quote from the report.

Senator Murray: From the newspaper?

[Senator Murray.]

Senator Frith: Yes. What I shall read next is an alleged quote from the document.

> Heads of delegations reviewed the advantages and disadvantages of releasing legal texts during the referendum campaign . . .

What does that say? It is not the answer I got. I repeat, it states that they actually considered whether they would or would not release those texts.

I go on:

> It adds, however, that the officials decided to make "best efforts" to finish the texts by the end of September regardless of whether the governments decide to release them before or after the referendum.

This is what I would like to know: Is it true that at the same time as they were making their "best efforts" they were saying, "Even if we succeed, we may not release them to the people before referendum day"?

May I have an answer to that question?

Senator Murray: Honourable senators, I do not know the answer to that question, because —

Senator Frith: You do not know about the document?

Senator Murray: —I cannot confirm the authenticity of the report from which the honourable senator quotes.

Senator Frith: You do not know about the document to which I am referring, and you do not know whether or not it is authentic.

Senator Murray: No, I do not, honourable senators.

"OUR FUTURE TOGETHER—AN AGREEMENT FOR CONSTITUTIONAL RENEWAL"—HIGHLIGHTS AND SUMMARY OF CHARLOTTETOWN CONSENSUS REPORT

Hon. H.A. Olson: In the same vein, honourable senators, I hold in my hands a pamphlet entitled, "Our Future Together." As the Leader of the Government told us the other day, the government plans to print and mail enough copies of this little pamphlet in order to put one in every mailbox in Canada. Its full title is, "Our Future Together—An Agreement for Constitutional Renewal".

Hon. Lowell Murray (Leader of the Government): Is that the text of the Charlottetown agreement?

Senator Olson: It is what the government has, or will, put in every mailbox in Canada.

Senator Murray: Is it the text of the Charlottetown agreement?

Senator Olson: No, I will get to that. I also have in my hand a document entitled, "Consensus Report On the Constitution, Charlottetown, August 28, 1992, Final Text". I received it from the government, too, by the way. The two documents are not the same.

Is the minister aware that this little blue-coloured pamphlet that was sent out to every mailbox in Canada, allegedly being

the text of the agreement, contains significant differences from the so-called Consensus Report On the Constitution?

Hon. Lowell Murray (Leader of the Government): Send it over with a page and I will look at it.

Senator Olson: These two documents, the first to which I referred and which was sent to every mailbox in Canada, and the other one that I received from the government and which states that it is the text of the constitutional review, are not the same. This is a rewrite of the whole thing.

Senator Stewart: It is a spiel!

Senator Olson: There are a few words that are the same, but there is a whole lot that is not the same as the so-called Consensus Report. Do you think it is fair to mislead people by saying that this little blue book contains the review?

Senator Murray: Honourable senators, the document entitled "Consensus Report On the Constitution" is the actual text of the Charlottetown agreement. The other document to which the honourable senator refers is a summary.

Senator Olson: Why do you say it is the text, then?

Senator Murray: It does not state that it is the text.

Senator Olson: You say it is the renewal.

Senator Murray: Honourable senators, we will send out this pamphlet. We will also send out the text.

Senator Olson: They have not seen the text yet.

Senator Murray: They will see it. The honourable senator should at least take the trouble to read the first sentence of the pamphlet. It does not purport to be the text. It is clearly not the text. It states:

> This document provides highlights of the unanimous constitutional agreement of August 28, 1992.

Each heading in the pamphlet, whether it be "Quebec's Distinctiveness", "Senate Reform", "The Inherent Right of Self-Government", describes the provisions of this text. The pamphlet is descriptive and is a summary. It is not the text. It does not pretend to be the text.

The honourable senator should not become unnecessarily indignant for no reason at all.

Senator Olson: I think every person in Canada ought to know that this little pamphlet you sent out is not the agreement.

Senator Murray: Unlike the honourable senator, most people will read the first sentence and see that it contains highlights and is not the text.

Senator Olson: I want the Leader of the Government to admit that this pamphlet is not the agreement.

Senator Murray: That is what I said.

Senator Olson: It is someone's interpretation of the text of the agreement.

Senator Murray: Right. It says so in the first sentence.

Senator Olson: You had better let a few people know that what you sent out is not the agreement. You pretend that it is.

Senator Lynch-Staunton: No, you pretend that it is. You are the great pretender.

CHARLOTTETOWN ACCORD—AVAILABILITY OF LEGAL TEXTS—POSITION OF PREMIER OF NEW BRUNSWICK

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate, arising from a headline in this morning's Montreal *Gazette*, which quotes the premier of my province. I do not always agree with him, but I state my agreement when I can.

The headline reads, "Flap over legal text is red herring: McKenna". I agree with him.

I believe that a legal text resulting from a negotiation such as the one we have seen regarding the Constitution will be made available, if and when it is ready. Some 11 to 16 people negotiated that agreement. The only thing that will bring the agreement into force is a legal text. I am sure it is the wish of the negotiators to have that legal text. I also understand that that process can take time. I hope the government can produce it—not that many people would read it. However, it would prove to the naysayers that they were wrong, if it is produced before the vote takes place.

I wish to quote for honourable senators some of what my premier had to say. The article explains why he thinks the flap over the legal text is a red herring. It states in part:

> While federal politicians talk of doom and gloom if the No side prevails, McKenna said the New Brunswick Yes campaign will accentuate the positive.
>
> It will emphasize why people should vote for the Charlottetown accord, not why they shouldn't vote against it.

My question to the Leader of the Government in the Senate is this: Will he kindly ask the Prime Minister to tone down his rhetoric so that people will not vote "no" when in fact they want to vote "yes"?

Hon. Lowell Murray (Leader of the Government): Honourable senators, we all have our own way of bringing issues to a head and conveying what is at stake. The Prime Minister's dedication to the cause of national unity is beyond any doubt. He sees this referendum as a watershed in our history. This referendum will be a defining point in the history of Canada. He believes—as I do, and as I think most of us do—that our future political stability and economic prosperity are riding on the outcome.

Senator Thériault: I do, too.

Senator Murray: Then the honourable senator should not, and obviously does not, disagree with the case the Prime Minister is making.

With regard to the texts, I have had occasion twice this week, and most recently this morning, to speak with some of the officials involved on behalf of the federal government in the discussions with our provincial, territorial and Aboriginal

counterparts. Very good headway is being made in ironing out hundreds of technical details in this drafting process, but the fact remains that the legal texts will be what the 17 political leaders unanimously agree they are.

COST AND MEANS OF FINANCING REFERENDUM

Hon. John B. Stewart: Honourable senators, I have a couple of questions on the constitutional referendum.

Yesterday, the Leader of the Government in the Senate answered a question I had asked earlier. I had asked him for the government's estimate of the cost of the constitutional referendum. His reply, as given at page 2158 of *Hansard*, is as follows:

> My recollection is that the national referendum will cost somewhere in the vicinity of $150 million, that the funds are in Treasury Board Vote 5, and that they would be transferred to the Chief Electoral Officer for the purpose of conducting a referendum.

My question now is: Am I correct in assuming that the $150 million does not include the costs for printing the pamphlet which was discussed so illuminatingly earlier this afternoon, the cost of printing and distributing the copies of the Charlottetown accord, and costs of the advertisements the Government of Canada will be placing in the media?

If I am correct in that assumption, to what votes will these several additional costs be charged, and what is the government's estimate of the total cost of these promotional activities, which are quite distinct from the $150 million required by the Chief Electoral Officer for the purposes of the referendum?

Hon. Lowell Murray (Leader of the Government): The honourable senator is correct in his assumption that the $150 million relates to the conduct of the referendum by the Chief Electoral Officer. I do not know exactly to what vote the other activities will be charged or, indeed, off the top of my head, what the estimate is of the expense involved in these publications and related activities. I would have to make inquiries.

The Hon. the Speaker: Honourable senators, I am advised that, according to our rules, the 30 minutes for Question Period are up. However, at the request of the Leader of the Opposition, would honourable senators agree to extend the Question Period?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, in view of the fact that we were unable to have a Question Period yesterday, I would request that we extend today's Question Period.

Senator Murray: Honourable senators, I would agree with that, so long as the extension is not indefinite. I do have other commitments.

[Senator Murray.]

POST-REFERENDUM PROCESS—RECALL OF PARLIAMENT—AVAILABILITY OF WITNESSES TO SENATE—GOVERNMENT POSITION

Hon. John B. Stewart: Honourable senators, my second question is prompted by the motion of which the Deputy Leader of the Government in the Senate has given notice, namely the motion concerning adjournment. We are to adjourn for two months.

On September 22, I asked the Leader of the Government about the process in this Parliament and the several legislatures after October 26, assuming a "yes" vote in the referendum. At that time, Senator Murray said, at page 2074:

> My impression is that there is a desire on the part of the various parties to the agreement, the federal government and the provinces being the parties to the amending formula, to proceed quite quickly with the process of legislative ratification so that we do not find ourselves in a similar situation to that which took place between 1987 and 1990 with the Meech Lake Accord.

We are being told that great progress is being made in drafting the actual amendment texts. Assuming that those texts are available before October 26, why should the two Houses of Parliament not return here in November to proceed, as Senator Murray has said, quite quickly with the process of legislative ratification? In Nova Scotia, for example, a provincial election is pending. A federal election is in the offing.

Will this matter be left over so that we can ascertain the outcome of these several elections, or will the government proceed with it quite quickly?

I have another question about the parliamentary process. I refer now to an address made by the Honourable Eric Kierans in Halifax last Friday. Perhaps I had better read a paragraph or two from *The Chronicle-Herald* of September 26, 1992.

> The man who chaired Nova Scotia's public hearings on the Constitution last year told a Halifax audience Friday he opposes the agreement being voted on Oct. 26 both in content and principle.
>
> But after a half-hour public tirade against the deal, he said he'll vote for it anyway.
>
> The one-time Quebec cabinet minister said that regardless of the deal's content, Quebecers will take No as a rejection by English Canada.
>
> "There is only one reason why I wouldn't vote no and that is that people in Quebec could use the vote to say I didn't like Quebec."

Then later on in the story, he is reported as saying:

> "Nothing is going to happen in either event . . . I'm not voting for or against this stuff, I just don't believe in it."

My question is: When the proposed amendment texts have been made public and are before us, perhaps in November or early in December, will the Senate have an opportunity to call

witnesses such as Eric Kierans? Will we have an opportunity to hear this experienced witness with regard to the advisability of adopting several proposed amendments?

Hon. Lowell Murray (Leader of the Government): Honourable senators, how we proceed at the time of ratification is a matter to which I have not really given much consideration, but of course we will want to discuss that with honourable senators opposite. We will be open to suggestions with regard to hearings and witnesses and so forth.

So far as the schedule of ratification is concerned, yes, all of us, the federal government and the provinces, are anxious to move ahead as quickly as possible.

We are proposing an adjournment to December 1, but it is a relatively simple matter to bring the Senate back earlier than that by way of an instrument of advice to His Honour, the Speaker of the Senate.

Senator Frith: After agreement or consultation?

Senator Murray: No, bringing the Senate back earlier simply requires a request from the government to His Honour. We intend to bring the Senate back before December 1st in any case to deal with third reading of Bill C-80 after the Standing Senate Committee on Social Affairs has completed its study of that bill.

Senator Molgat: Which may not be till after December 1.

Senator Murray: I would hope and expect that the committee would be able to complete its work before the end of October, and that we would be back here to deal with that matter during October.

After that, I have left the month of November open, but I note that at the present time the plan of the House of Commons is to return only on November 16th. If they were to begin the process of ratification right away, we might want to come back a bit earlier than December 1st, and if they decided to come back prior to November 16th, the likelihood is that we would follow them here earlier.

We have all the leeway in the world to convene at an earlier date. The difficulty arises when we adjourn to an earlier date and bring senators back here only to find that there is not sufficient business to occupy them.

Senator Stewart: The answer is, then, that there is a real possibility that both houses of Parliament will be brought back by the government to deal with the ratification of the constitutional amendments early in November, or perhaps by the middle of November. It is quite possible that we will be back here to deal with the amendments early in November or by the middle of November?

Senator Murray: A real possibility, yes.

REFERENDUM—METHOD OF REPORTING VOTE—EFFECT OF WESTERN PREVIEW

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is directed to the Leader of the Government. I am disturbed by a story that appeared recently in the *Globe and Mail* regarding the manner in which the vote on the referendum will be reported. The headline is "West to get vote preview. Quebec results can be out early". I will read the first two sections so that my honourable friend will understand exactly what the article is about.

> Westerners will be able to know the results of the Quebec constitutional referendum before they vote on Oct. 26.
>
> Jean-Pierre Kingsley, Canada's chief electoral officer, told a news briefing yesterday that no blackout will be imposed on broadcasting the Quebec referendum results in other parts of the country.

That means that polls in the western provinces could still be open one, two or three hours after the time that the Quebec vote comes out. I understand that because it is a Quebec referendum and not a national election, the results can be broadcast. Therefore people in British Columbia will know three hours before the closing of the polls exactly how the vote went in Quebec.

I think this poses some very serious problems for the referendum. There ought to be some measures taken which would rectify that situation because it could have a very serious effect on the referendum. Is the government considering anything like that?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not sure what could be done to create a blackout of the Quebec or the eastern results until polls close in the west of the country. The situation is not identical to that of a national election. I would ask the honourable senator to take some comfort from the high probability that the results from Quebec and elsewhere in the east will be such as to encourage an even bigger "yes" vote in the western part of the country.

Senator Molgat: Honourable senators, is the government looking at this situation and contemplating doing something about it?

Senator Murray: Not that I am aware of, honourable senators, but I will make inquiries.

Hon. Louis-J. Robichaud: Honourable senators, I agree with the Deputy Leader of the Opposition in the Senate. I think this matter is extremely important. It should be looked into very seriously by the government. If necessary, the House of Commons and the Senate should be reconvened simply for the purpose of enabling a declaration of a "yes" or a "no" at the same time on October 26 from east to west. This, in my estimation, is extremely important.

REFERENDUM—"YES" CAMPAIGN—EFFECT OF PRIME MINISTER'S STATEMENTS

Hon. Louis-J. Robichaud: Honourable senators, although I did not intend to speak to any extent, I would like to say that I intend to vote "yes" on October 26, and I know why I will be voting "yes". I would like people to stop confusing the issue by creating all sorts of questions.

We will continue as a country after October 26. It may not be the country that we loved. I am convinced that it will be, but an accident can happen, and if an accident should happen, it will be a temporary accident. Canada will continue.

Senator Frith: You disagree with the Prime Minister, then? Yes, I agree.

Senator Robichaud: I disagree with the Prime Minister. This is the point that I wanted to make. At the moment the worst salesman for the "yes" proposition is the Prime Minister. Would the Leader of the Government in the Senate please tell him to stay home and let the people decide on October 26? If he lets the people decide, they will vote "yes".

Hon. Lowell Murray (Leader of the Government): Honourable senators, if the Prime Minister were not out campaigning very vigorously and effectively in favour of the "yes" side, the honourable senator would be the first on his feet to complain that the Prime Minister and his ministers are not doing their duty by Canada.

In that respect, I must say that the whole "yes" side could do with something more than the rather faint-hearted participation of the Leader of the Liberal Party and his constant exhortations to "hold your nose and vote for it."

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, does the Government Leader believe that the speech made by the Prime Minister in Sherbrooke is helping the "yes" cause?

Senator Murray: Absolutely, honourable senators, and I invite my friend to wait for a few days, first of all to see how the campaign is going and where the "yes" side is gaining and the "no" side is losing, and then wait to see the results on October 26 which, I am confident, will be resoundingly "yes" in ten provinces and two territories, and nationally.

Senator Molgat: So we have it on the record, then, that the leader accepts that a fear campaign is the right campaign.

UNITED NATIONS

EMERGENCY AID TO SOMALIA—DELAY IN DELIVERY

Hon. Eymard G. Corbin: Honourable senators, I have follow-up questions to put to the Leader of the Government in the Senate. On September 24 he answered some of my questions about the conflict in Bosnia and the famine in Somalia, and I would like to quote him from page 2120 of *Hansard*. He said:

> With regard to Somalia, we were among the very first countries to provide humanitarian aid. Further to that, we are at the forefront in providing troops in order to do what we can to ensure that the humanitarian aid gets through to the people for whom it is destined.

[Senator Robichaud.]

A little further down the honourable leader said:

> . . . we are providing up to 750 Canadian Forces troops to protect humanitarian operations in one of the four zones for U.N. operations in Somalia.

According to a story in today's *Citizen*, not many troops are moving. The story is headlined, "Somalia, Dithering at U.N. delays Canadian peacekeepers". I quote:

> Funding problems and diplomatic snags at the United Nations have forced Canada to delay sending peacekeepers to Somalia.

The situation in the drought-ravaged country is worsening. One hundred thousand people have already died. Half a million children risk death within the next few months while the U.N. is dithering. According to armed forces top brass:

• (1510)

> A 750-man battalion from the Canadian Airborne Regiment in Petawawa will be prepared to leave anytime after Sunday . . .

Can the honourable leader inform this honourable house just what the problem is, and can he give any guarantees, within reason, that the troops will be moved to Somalia sometime after Sunday?

Hon. Lowell Murray (Leader of the Government): The problem, honourable senators, is that there is no government in that country. There is no central authority. Bands of armed gangs are terrorizing the countryside and making it extremely difficult for relief efforts to succeed and, henceforth, for supplies to get through. That is the essential problem.

Yes, we will provide up to 750 troops to protect humanitarian operations in one of the four U.N. operational zones in Somalia. As you know, three of our military aircraft began airlifting supplies to the interior from Kenya on September 12. All I can say is that we are working hard in collaboration with Somalis in Canada and in collaboration with other countries, particularly in the G-7, to overcome some of the major problems in that country.

EMERGENCY AID TO SOMALIA—METHOD OF DELIVERY—GOVERNMENT POSITION

Hon. Eymard G. Corbin: Honourable senators, I have a further question in that regard. While I want to thank the leader for his answer, I quote again from the story in today's Ottawa *Citizen*.

> Another problem is that UN officials haven't decided whether the Canadians should go quickly by air or by sea, which would add weeks.

Now that, I find, is a stupid consideration. Help is needed there now. It was needed there some time ago, and because of this dithering and procrastination, we still do not know how or when people will get there. Surely if the air is clear, whatever political or military authorities are in charge in Somalia, we will not put our troops on ships and expect them to get to Somalia in some weeks' time. Surely we will put them on planes and get them there quickly. I hope the government has enough judgment to see the decency of doing that, even if it costs a little more.

Hon. Lowell Murray (Leader of the Government): Honourable senators, it is not a lack of decency, and it is not so much a question of cost. It is a matter of effectiveness in getting aid through. There is no government there. There are countless armed bands operating in an uncontrolled manner in that country. We are involved, as are the Americans, the Italians, Germany, the U.K., Japan and France in responding with supplies. In addition to Canada, the United States, Germany, France and Italy are providing aircraft for the airlifting of relief supplies.

I repeat, honourable senators, that this is an extremely dangerous and difficult process. We have all seen on television reports of what has happened on occasions when some of these armed bands have taken over the airport and helped themselves to the supplies and used them for their own purposes or sold them in the black market, effectively preventing the supplies from getting through to the people who need them. However, I want to assure the honourable senator that all of these countries are making a concerted effort to solve the problem to the extent that we can.

Since at least August, Prime Minister Mulroney has been in touch with President Bush, and with the Secretary General of the United Nations. All of our responsible ministers and officials, both here and abroad, are doing their utmost to see that the needed relief is brought to those desperate people in that unfortunate country.

PEACEKEEPING OPERATIONS—EFFECT OF DEMANDS ON CANADIAN FORCES

Hon. Eymard G. Corbin: Honourable senators, I have one final question for the Leader of the Government in the Senate. Mr. Alex Morrison of the Canadian Institute for Strategic Studies made a statement recently that was published in the *Halifax Chronicle-Herald* of September 3, and I have seen no denial of that statement in any paper since that time. That statement was made following a Canadian commitment for an additional 1,200 Canadian peacekeeping troops to be sent to Bosnia. Mr. Morrison said, "we are starting to stretch it." The article goes on to say:

> Demands on Canada for military personnel to serve in peacekeeping have reached a point where some worry the Armed Forces are being spread too thin.

My question is this: Does the government share that concern, and have we, in fact, reached that limit?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would have to ask for a considered reply to that question from my colleague, the Minister of National Defence, but I think Colonel Morrison is saying no more than the truth when he speaks of the extraordinary demands that have been placed in recent times on our forces by peacekeeping operations old and new.

NOVA SCOTIA

DEVELOPMENT OF WESTRAY MINE—PARTICIPATION OF PRIME MINISTER —APPOINTMENT OF ELMER MACKAY AS MINISTER IN CHARGE OF ACOA

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I said yesterday, and again today, that I have questions on two more subjects, one of which relates to Westray. My question is for the Leader of the Government in the Senate, and it deals with the interest that the Prime Minister took in promoting the development of the Westray mine in Nova Scotia. Is the Leader of the Government aware of a Curragh Resources document that suggests that not only was the Prime Minister directly involved in the promotion of Westray, but that he told then Premier Buchanan that Westray was one of the reasons why he put Elmer MacKay in charge of ACOA?

I should refer to the document more particularly for the sake of the Leader of the Government in the Senate. It is a document headed "Westray Coal Inc., Memorandum, Confidential." "Note To File (See Attached Distribution List)." It is from Marvin Pelley, Executive Vice President, Mining. "Subject: Meetings with the Premier of Nova Scotia and Don Cameron." In the third paragraph it says:

> The Premier said that he talked to the Prime Minister on Monday and the Prime Minister was disappointed and surprised that the deal was not yet done. The Prime Minister stated that this deal was one of the reasons that Elmer MacKay was put in charge of ACOA.

My first question on that subject is this: Is it true that that was a significant factor in his decision to appoint Elmer MacKay as minister in charge of ACOA?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have not the faintest idea, nor do I have any knowledge, of what the honourable senator has indicated is an internal document from a private company.

Senator Frith: Yes. The document is dated March 3, 1989. The Leader of the Government states that he has not the faintest idea.

Is the Leader of the Government now able to acknowledge the Prime Minister's direct interest in the Westray development?

Senator Murray: Honourable senators, of course, and for more detail on that, I would refer the honourable senator to the

House of Commons *Hansard* of June 1st, where the Prime Minister dealt with this matter in considerable detail.

Senator Frith: Thank you, I will do that and pursue the matter when we come back.

WESTRAY MINE DISASTER—JUDICIAL INQUIRY—CONSTITUTIONAL JURISDICTION

Hon. Royce Frith (Leader of the Opposition): My third question on this subject is this: Does the government support the position taken by private corporation counsel that the inquiry on this subject cannot consider criminal responsibility because of the fact that the constitutional responsibility for criminal law lies under section 91 and not section 92 of the Constitution?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the short answer will be no. I hasten to add that I do not believe the Attorney General of Canada is intervening in the matter, but if she has anything to add to my short answer I will bring it in.

Senator Frith: The short answer being, "No, the government does not support that position." My question was does the government support —

Senator Murray: Section 91.

Senator Frith: Yes.

Senator Murray: No.

Senator Frith: The application of section 91 being that the inquiry therefore has no jurisdiction to consider criminal responsibility arising out of the events at Westray. I understand that the answer is —

Senator Murray: As I understand it, there are several grounds on which a group of people have launched a case in Nova Scotia, that being one of them. My understanding is that, no, that is not our position.

Senator Frith: I hope it is clear that I am not limiting it to that ground. I was expressing the ground simply as information on the question. What I really want to know is whether the Government of Canada supports the position, for whatever reason, that the inquiry cannot deal with the question of criminal responsibility. The government is not saying that they are unable to consider the question of criminal responsibility.

Senator Murray: Let me be clear. The position of the Government of Canada with regard to Royal Commissions and inquiries of that kind, appointed by the provinces, is as it was in the 1970s at the time of the Keable Commission in Quebec, a commission which, as I understand it, was upheld by the Supreme Court of Canada.

Senator Frith: I hope everybody can understand that answer, which was supposed to be one of clarification. In any event, the Leader of the Government apparently will take up with the Attorney General and the Minister of Justice what the government's position is on the jurisdiction of this body to consider criminal responsibility.

[Senator Murray.]

Senator Murray: If she has anything to add to my short answer, I will bring it in.

Senator Frith: Yes. I recognize fancy footwork when I see it, although I thought it was fairly unfancy at first. It is getting a little more like toe tapping now.

NORTH AMERICAN FREE TRADE AGREEMENT

EFFECT OF FREE TRADE ON EMPLOYMENT—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): I have a question for the Leader of the Government concerning NAFTA. The government is spending $3 million to publish a four-page newspaper to sell Canadians on the NAFTA agreement. It asserts that the free trade agreement has helped attract foreign investment and create jobs. Investment Canada, however, reports that between June 30, 1985, and June 30, 1992, 93.2 per cent of the $115.8 billion of foreign investment in this country went to take over existing businesses. Only 6.8 per cent launched new enterprises. Currently, I believe, there are more than 1.5 million unemployed Canadians—double-digit unemployment, and a further 600,000 have dropped out of the labour force. That being so, is the government, with this document, again trying to fool the people or—and I hope this is the answer—does it have information that it will share with us that contradicts Investment Canada?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Leader of the Opposition is relating statistics that we put forward with regard to foreign investment in Canada in the period during which the Free Trade Agreement has been in force. The Investment Canada report to which he is referring deals with the period from 1985 to 1992, I believe he said. The free trade agreement came into force in January 1989.

Senator Frith: Yes.

Senator Murray: The period was from 1985 to 1992.

Senator Frith: Yes, which includes the period just referred to by the Leader of the Government. Let me repeat the figures in the four-page, $3 million newspaper. It asserts that free trade has helped attract foreign investment. It has had from 1989 to 1992 to do so, but, according to Investment Canada, only 6.8 per cent of that investment launched new enterprises.

I am asking whether there is some information that the government has that contradicts Investment Canada, because otherwise what they are saying in this newspaper is false.

Senator Murray: Honourable senators, the only point I want to make is that the relevant period is since January 1, 1989, and I will obtain an analysis from the Department of International Trade and Finance with regard to foreign investment and the purposes to which it was put for the period since the free trade agreement came into being.

Senator Frith: You will ask Investment Canada, I hope.

Senator Murray: And Investment Canada, if the honourable senator wishes.

Senator Frith: That is what I am asking you about, not the Department of Finance.

Senator Murray: I hasten to add that foreign investment that buys up an existing Canadian company is not, as it were, a loss to the Canadian economy. That puts money into the hands of the sellers of the company —

Senator Frith: Yes, so they can go to Florida.

Senator Murray: —which they do not put under a mattress.

Senator Frith: And often they subsequently close it down after they have acquired it.

Senator Murray: This money is frequently used to invest in new, expanding, businesses and other economic activity across the country. The honourable senator surely does not think that the seller of a company takes the cash and puts it under a mattress.

Senator Frith: No, I do not think they do that. However, I am quite sure they do not often take it and immediately go out and create new jobs.

Senator Murray: How do you know?

Senator Frith: I don't know, but neither do you know that they do not put it under a mattress; so it is one speculation for another. Let's get to the important point and that is that only 6.8 per cent launched new enterprises. I take it that the Leader of the Government is smilingly asserting that there is no difference. When they acquire presently existing industries and companies, that is just as effective in creating new jobs as launching new enterprises. If so, why do we still have 1.5 million unemployed and 600,000 dropping out of the labour force?

Senator Murray: Honourable senators, it would depend on the particular case; it also depends on what the seller does with the proceeds of the sale.

Senator Frith: Honourable senators, that is another answer. I had all these questions and I cannot say I am going into the adjournment with a handful of answers, but certainly a handful of evasions.

THE CONSTITUTION

CHARLOTTETOWN ACCORD—INDIAN SELF-GOVERNMENT—PARAMOUNTCY OF INDIAN LAWS—AVAILABILITY OF LEGAL TEXTS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, yesterday I asked a question of the Deputy Leader of the Government to pass on to the leader regarding statements by Mr. Mercredi. I wonder if the leader is in a position to answer.

Hon. Lowell Murray (Leader of the Government): I am sorry, I am not, honourable senators.

Senator Molgat: Then I will ask the question again. Mr. Mercredi was speaking to a gathering of Manitoba chiefs. The newspaper report has him saying that self-government guaranteed under the accord means that Indian law will come first. Admittedly, that was the press reporter's interpretation.

• (1530)

There is a quotation in the article, which I presume is accurate. Mr. Mercredi stated:

> One of the powers you will have is to make laws to displace federal and provincial laws. There will be a paramountcy of Indian laws.

Is this in all fields? Exactly what does it mean "There will be a paramountcy of Indian laws"?

Senator Murray: Honourable senators, I do not think that I or any minister should be asked to comment on a press report of part of a statement made by Mr. Mercredi at a meeting in Manitoba or anywhere else.

With regard to the application of Canadian laws or Aboriginal laws, the honourable senator can read the Charlottetown Consensus Report for himself and see the extent to which the inherent right to self-government exists within the context of Confederation, is subject to the Charter of Rights and Freedoms and is also, as I recall, subject to the powers of Parliament and the provinces in the realm of peace, order and good government in the country.

There is nothing more that I can say on this matter.

Senator Molgat: If we had the legal texts, we could find out exactly what it states. I have read the accord and I did not find there an answer to my specific question.

Unless the paramountcy of Indian laws displacing federal and provincial laws is explained, it may cause problems for many Canadians who are wondering what the exact meaning is of the inherent right to self-government. I think that should be explained before October 26.

Senator Olson: Much before.

Senator Murray: The Charlottetown agreement effectively set out the inherent right to self-government, subject to the considerations that I mentioned, and set out a political framework for the negotiation of the inherent right to self-government by the different Aboriginal groups in the country, as well as the province and the federal government.

Hon. H.A. Olson: I should like to ask a supplementary question. All the Indian bands and Indian chiefs in Alberta have looked over that clause. I understand that they have decided to vote against it because that is not what they had been asking to have negotiated. Do not be surprised. You are saying that there is to be paramountcy of Indian law, and that is what they expected. However, that is not what is reflected in the end result, so take your chances.

Surely the Leader of the Government could give us a little indication of whether there is to be paramountcy of aboriginal law or paramountcy of provincial law. Can you tell us?

Senator Murray: I invite my friend to read either the Charlottetown Consensus Report or even the summary which the government has prepared for his convenience.

CHARLOTTETOWN ACCORD—INDIAN SELF-GOVERNMENT—PARAMOUNTCY OF INDIAN LAWS—APPLICABILITY TO MÉTIS POPULATION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I have one further question. I assume that once we have an explanation of exactly what rights have been granted under the inherent right to self-government, the same deal will apply to the Métis population. My question then will be: Who will determine who is a Métis?

Senator Gigantès: We all are.

Senator Lynch-Staunton: More than we realize.

Senator Molgat: Does the minister not intend to reply?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will ask my colleague Mr. Clark whether he has any information to provide in that regard.

Senator Olson: He will tell you to vote "yes" or else.

Senator Molgat: This, again, is a very important question which should be answered prior to October 26. As my honourable friend knows, there are many levels of mixed bloods in this country. Who determines who is or is not entitled to be Métis? I would think this would be an important question that people would have in their minds when they are determining how they see the vote.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable Senators, I have delayed answers to questions asked on September 15 by the Honourable Senator Bonnell regarding the status of Concessionaires at Wood Island, on September 16 by Honourable Senator Molgat regarding a proposed meeting of the Prime Minister with big city mayors, and on September 22 by Honourable Senator Olson regarding the assessment of storm damage on the western grain crop.

PRINCE EDWARD ISLAND

FIXED LINK—STATUS OF PROJECT

(Response to question raised by Hon. M. Lorne Bonnell on September 15, 1992)

The redevelopment of the Wood Islands and Caribou ferry terminals are related to the government's commitment to keep these facilities open. The operators, Northumberland Ferries Limited, made a decision to upgrade the service by purchasing a new ferry which will replace two aging ferries. Several changes in the terminal configuration had to be made in order to properly service the special capabilities of the new ferry. The need for these changes prompted the re-developments.

[Senator Olson.]

In developing the new terminal layout for the upgraded service, Transport Canada tried to facilitate all existing businesses and operations within the new facility. This task was accomplished with the exception of the provincial infrastructure. The province decided it would be best if the scales, decontamination depot and the tourist bureau were relocated in a new complex off the ferry terminal site. The reasoning behind this decision was to try and help alleviate traffic congestion and confusion within the terminal area.

The proposed terminal layout makes for a safer and more practical operation. These changes were the result of discussions and consultations between Public Works Canada, Transport Canada, the Province of Prince Edward Island and local businesses. The last meeting was held on April 13, 1992 in Charlottetown.

It was never the Federal government's intention to affect changes that would not be acceptable to the local businesses or to the province. At present further discussions are planned to try and resolve any outstanding matters.

JUSTICE

SOCIAL UNREST—PROPOSED MEETING OF PRIME MINISTER WITH BIG CITY MAYORS AND FEDERATION OF MUNICIPALITIES

(Response to question raised by Hon. Gildas L. Molgat on September 16, 1992)

The concerns of the Federation of Canadian Municipalities (FCM) and, in particular, the Big City Mayors' Forum, about urban safety, crime prevention and the need for federal leadership have been and continue to be of on-going importance to the Prime Minister and the federal Minister of Justice.

Long before last spring's disturbances in Toronto, a pattern of regular meetings between the Minister of Justice and Canada's big city mayors had been established. On May 29, 1991, the Minister of Justice met, in Ottawa, with the mayors of Toronto and Montreal; on November 29, 1991, in Toronto, with its newly elected mayor; on December 8, 1991, in Montreal, with its mayor; on April 9, 1992, in Toronto, with the mayors of Toronto, Vancouver, Calgary and Montreal; and on April 25, 1992, in Vancouver, with the mayors of 19 of Canada's big cities. This pattern of meetings continues with a meeting scheduled for October 16, 1992 in Vancouver between the Minister of Justice and representatives of the Vancouver city council.

In concert with the consultations by the Minister of Justice, officials from both the Department of Justice and the FCM are working together to develop and recommend effective strategies for crime prevention and urban safety.

Given the leadership of the federal Minister of Justice in this area, and the active involvement of the FCM and big city mayors, a meeting between the Prime Minister and the representatives of the Big City Mayors' Forum has not been scheduled at this time.

AGRICULTURE

WESTERN GRAIN CROP—ASSESSMENT OF STORM DAMAGE—GOVERNMENT ACTION

(Response to question raised by Hon. H.A. Olson on September 22, 1992)

The Grains and Oilseeds Branch of Agriculture Canada monitors crop conditions by province and region throughout Canada on a daily basis. In addition, all of Western Canada is monitored using satellite data to determine crop conditions and assess yield potential on a weekly basis. Soil moisture conditions are calculated weekly using a soil moisture model provided by Prairie Farm Rehabilitation Administration (PFRA).

During critical periods throughout the growing season, analysts embark on crop tours throughout Western and Eastern Canada measuring yield, quality and soil moisture as well as meeting with producers, elevator managers, trade, industry and other provincial and federal government officials.

In the event of sudden and adverse weather conditions anywhere in Canada, the Department of Agriculture can assess immediately the extent and severity of damage. Constant contact with producers in all provinces, provincial government departments of agriculture, private grain companies, the Canadian Wheat Board, Atmospheric Environment Canada, Statistics Canada, PFRA, provincial crop insurance agencies and other federal and provincial agencies plus a myriad of other sources allows Agriculture Canada to be vigilant in its task.

In early August, the Market Analysis Division of Agriculture Canada forecast total production in Western Canada to be 44.9 million tonnes (Mt) taking into account the effects of the drought in Northern B.C., Northern Alberta and Northern Saskatchewan. The current forecast, taking into account the snow and frost in late August, early and mid-September and an area revision by Statistics Canada in early September, is 41.6 Mt, compared to last year of 48.5 Mt and a 10-year average of 43.5 Mt.

Quality of all grains and oilseeds in Western Canada is below average as a result of drought, frost and snow. Higher proportions of lower grades are estimated for Western Canadian grains and oilseeds.

As weather conditions change, Agriculture Canada will update yield, production and quality assessments of grains and oilseeds across the country.

ANSWER TO ORDER PAPER QUESTION TABLED

ATLANTIC CANADA OPPORTUNITIES AGENCY ADVISORY BOARD—AREAS REPRESENTED BY NEWFOUNDLAND MEMBERS

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 68 on the Order Paper—by Senator Marshall.

[*Translation*]

PRIVATE BILL

DAI AL-MUTLAQ—BILL TO INCORPORATE—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Atkins, seconded by the Honourable Senator Doyle, for the second reading of Bill S-13, An Act to incorporate the *Dai al-Mutlaq* as a corporation sole in Canada.—(*Honourable Senator Frith*).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, we shall ask that this item be deferred unless Senator Atkins has more information to give us.

[*English*]

Senator Lynch-Staunton: I move that the Senate do now adjourn.

The Senate adjourned until Tuesday, December 1, 1992 at 2 p.m.

THE SENATE

Wednesday, September 30, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, a democracy-respecting government as defined by Senator Murray has 51 days to Election Day. Since I believe there is a 50-day minimum for the election writ period, that means one day. That may be a bit too strict, so let us say there are 51 days for the respecters of democracy. Even at that, we would be holding the election sometime in the middle of November.

However, if it is any comfort to those who do not respect democracy, but rather are cowardly and contemptuous of democracy, they have 437 days left.

TRANSPORT CANADA

CANADIAN COAST GUARD—STATION CLOSURES IN NEW BRUNSWICK AND NOVA SCOTIA

Hon. Eymard G. Corbin: Yesterday, I drew your attention to the concerns of the "Keep Letete" committee from Charlotte County, New Brunswick, which questions the decision of the Canadian Coast Guard to close the Letete Central Monitoring Station, as well as the Cape Forchu centre in Nova Scotia. Both centres monitor the unmanned lightstations in each area.

I will continue reading from this letter, which many of you have received, in the hope that perhaps the Standing Senate Committee on Transport and Communication will want to study this whole matter.

I regret that government-imposed rules do not permit me to read all of the letter in one blast.

Some of the issues are:

> The direct economic loss from Lightkeeper lay-offs . . .
>
> The dismantling of infrastructure necessary for healthy economic growth . . .
>
> The Coast Guard refusal to reveal or acknowledge long term intentions.
>
> Secret preparations for cuts and lay-offs at district level, contrary to political assurances.
>
> Employment of unethical tactics to deflect and mislead both public and employee concerns.
>
> Service cuts and/or changes based entirely on political expediency, instead of sound fiscal and user needs.

Some of the solutions are:

> An unambiguous commitment and policy from Transport Canada to maintain existing lightstations and other short range navigational aids . . .
>
> An acknowledgment from Transport Canada that lightstations and their staff have an intrinsic value to their areas that is substantially greater than their narrow mandate of ensuring proper operation of navigational aids . . .
>
> An open minded review of individual stations, with the intent that each shall perform as many roles as the local needs and conditions allow.

Then the conclusion:

> Lightkeepers, as a group, have proven their ability and willingness to provide maximum service with any resources available. Only employment uncertainty in recent years has affected recruitment of people who maintain the deep commitment seldom found outside the light service. Remove that uncertainty and the lightkeepers will maintain a 200-year tradition of superior service.

THE CONSTITUTION

CHARLOTTETOWN ACCORD—WESTERN REPRESENTATION

Hon. H. A. Olson: Honourable senators, I should like to say a few words about the problem I am having in relation to this referendum. Some of you will know that I made a few remarks yesterday.

Senator Doody: I thought you had finished that.

Senator Olson: Pardon me? I have only three minutes. I hope, that Your Honour will keep track of Senator Doody's interruptions, so that I am not robbed of any portion of my three minutes.

Senator Doody: I did not stop your flow. You did.

Senator Olson: I always listen when somebody else starts talking.

I want to say that, ever since I found out what was in this deal for Western Canada, I have been constantly haunted by a thought. I think of the Right Honourable John Diefenbaker, and what he would have done if he had seen his part of the country being shafted in the manner that we in the West are experiencing at this time. If he were alive today, do you know what he would do? He would stand up in this Parliament and everywhere else and tell everyone who would listen that it was

his belief that his people need to be represented accurately in the halls of Parliament. He would not be intimidated by the powers of central Canada, and he would represent them accurately.

I appeal to the senators from Western Canada. I am sorry that a number of them who were here yesterday are not here now, especially from the other side of the house. I would exhort them to get up on their feet and defend our part of Canada. We are going to get shafted on the numbers in the Parliament of Canada, and then this package is going to fix the amending formula so that we cannot repair it.

Is it not time you got up and told the people in Saskatchewan, Alberta, Manitoba, or wherever you are from, that this deal is not good for Western Canada? We are worse off, not better off, as far as representation is concerned.

What is more, we have just about 6 million people now in British Columbia and Alberta, and yet we are getting 32 plus 26 plus 6 members. Do you know how many the provinces in central Canada are getting with 6 million people? They are getting 50 per cent—93—or 30 per cent more. Is that fair? If you think it is fair, sit still and let it pass; but I don't think it is fair.

When there was something to be said for the interests of the part of Canada from which he came, Mr. Diefenbaker, whom I knew well, who brought the Conservative Party out of almost complete oblivion and made it a national force, got up and said it in the House of Commons. He didn't just sit there on his hands because of problems he was having with the much superior forces in central Canada. He did something , and I remember Mr. Diefenbaker saying a number of times, "It is the right thing to do", and "I stood alone in this Parliament."

If you people opposite think that sitting still is the way you should represent Western Canada, you should hang your heads in shame. Get up on your feet and defend our part of Canada, which is getting shafted. Or will you just let it go?

Hon. Philippe Deane Gigantès: Honourable senators, just to respond to that, if I understand what has been happening in this country in terms of propositions for the reform of the federal parliamentary system on behalf of Western Canada, it was a demand on their part that there be a new Senate that is elected with equal representation from the provinces.

Senator Olson: No, there is an "E" that stands for "effective" too.

Senator Gigantès: You did not want them to interrupt you, sir. Could you give me the same courtesy. Please, do not count the time of interruption.

To continue what I was saying, the theory is that there should be equal numbers of senators per province. The West always said that this was because the House of Commons was represented by population.

If senators from the West were to take a calculator and use Statistics Canada's June, 1992, edition of historical statistics to find the proportion of the population for each of the provinces, and then the proportion of MPs they will have in the new reorganized House of Commons of 337 members, they would find that central Canada—in other words, Ontario and Quebec—will still have a little less than the proportion they should have according to their population.

[Senator Olson.]

I have done these calculations and I have them in my office for anyone who wants them. Eastern Canada will remain a little over-represented. Those are the figures. I am not giving you theory; I am giving you arithmetic.

• (1410)

Senator Doody: How far east is "east"?

Senator Gigantès: Western Canada, after 1996, will be dead on. I do not think that this particular change in the election of the new Senate will take place much before 1995. So they might be disadvantaged for one year.

As for the effectiveness of the Senate, the proof of the pudding will be in the eating. It is very difficult to tell in advance how effective this new Senate will be.

Senator Thériault: It will be.

Senator Gigantès: There is no doubt that, because of the fact that they will be elected and each of them will represent a much greater number of people, elected senators will speak with much greater authority than we are allowed. Thus, if you wanted "rep by pop" in the House of Commons and "rep by province" in the Senate, that is what this new agreement is giving you almost dead on the nose, like it or not.

Senator Olson: That is crap!

Senator Lynch-Staunton: I would like to attend one of your caucus meetings.

Senator Olson: You do not know how to multiply.

Senator Frith: His arithmetic is good.

ROUTINE PROCEEDINGS

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, as indicated yesterday, the business of the house being what it is, we can assume that we can adjourn this afternoon or sometime later today. The knowledge that we have of any business coming from the other place being what it is, we feel that this house can stand adjourned until December 1, 1992. The only exception to that is that we will be called back sometime after Thanksgiving, after the hearings on Bill C-80 by the Standing Senate Committee on Social Affairs, Science, and Technology, to deal with its report and deal with the bill on third reading.

Honourable senators, with that explanation, with leave of the Senate and notwithstanding Rule 59(1)(*h*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, December 1, 1992, at 2 o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

THE CONSTITUTION

CORRESPONDENCE BETWEEN PRIME MINISTER AND PREMIER OF QUEBEC—DOCUMENTS TABLED

Leave having been given to revert to Tabling of Documents:

Hon. Lowell Murray (Leader of the Government): Honourable senators, for some days there has been a question before us concerning correspondence exchanged between Prime Minister Mulroney and Premier Bourassa. That correspondence was tabled in the National Assembly of Quebec on September 16. As I said earlier, there would be no objection, therefore, on the part of the government of Quebec, as there is certainly none on the part of our government, to tabling these documents in this place.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 338 citizens of Nova Scotia who oppose the goods and services tax.

These petitions come mainly from Margaree Valley, Margaree Forks, Antigonish, Little Judique, Mabou, Dartmoth, Creignish, Port Hastings, Inverness, Bras d'Or, George River, Cheticamp and Sydney.

Honourable senators, I have the honour to present petitions signed by 198 citizens of Alberta who oppose the goods and services tax.

These petitions come mainly from Manning, Peace River, Nampa, Grande Cache, Dixonville, Grimshaw, Berwyn, Calgary, Valleyview and Grande Prairie.

Honourable senators, I have the honour to present petitions signed by 100 citizens of Saskatchewan who oppose the goods and services tax.

These petitions come mainly from Regina, Saskatoon, Moose Jaw and Fellmore.

Finally, honourable senators, I have the honour to present petitions signed by 501 citizens of Quebec who oppose the goods and services tax.

These petitions come mainly from Lachine, Ile Perrot, Vaudreuil, Pointe-Claire, Montreal, St-Lambert, Val Racine, Brossard, Ste-Sophie, Knowlton, Lac Brome, St-Alphonse, Drummondville, Chicoutimi Nord, Ste-Foy, Alma, St-François-de-Sales, St-Hyacinthe, St-Dominique, St-Honoré, Jonquière and St-Ambroise.

These petitions reached me in July, in case that might interest Senator Murray!

This makes a grand total of 1,137 Canadians who are unhappy with the government and its GST, and there are millions more like them!

[*English*]

VETERANS AFFAIRS

PRESENTATION OF PETITIONS

Hon. Jack Marshall: Honourable senators, I have the honour to present several petitions —

Senator Hébert: Against the GST?

Senator Marshall: —comprising 215 names; individual signatures from the provinces of Ontario, Alberta, Saskatchewan, New Brunswick and British Columbia, praying and calling upon Parliament to support the activities of the Senate Subcommittee on Veterans Affairs in examining the authenticity of the series of films under the title: *The Valour and the Horror*, namely, *Savage Christmas: Hong Kong 1941*, *Death By Moonlight: Bomber Command*, and *In Desperate Battle: Normandy 1944*.

QUESTION PERIOD

THE CONSTITUTION

REFERENDUM QUESTION—STATEMENTS OF PRIME MINISTER—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have some questions for the Leader of the Government in the Senate, but before posing them, I wish to make a few general comments. One such comment is that a quick reading of the Order Paper indicates there will not be very much other business today. Therefore, I hope that we can extend the Question Period a little, if it becomes necessary. I have no indication at this time that it will be, but it might be.

I say that because I have questions on three subjects: One on the Constitution referendum where I am seeking some clarification, one on the Westray issue and one on NAFTA. When I am finished with my questions on the constitutional process, other senators on either side may wish to join in, so I will yield at that point with the hope that I can continue on and ask my other questions after that subject has been exhausted.

Honourable senators, on Monday of this week the Prime Minister appeared in Sherbrooke, Quebec, to speak about the referendum. At that time he warned, according to a press report of that event, as follows:

> "A No will not mean 'business as usual'. It will mean the end of negotiations and the end of the process that lead to Charlottetown. A No will mean —

and I underline that.

> A No will mean as (PQ leader Jacques) Mr. Parizeau admits, the beginning of the process of dismantling Canada."

He then proceeded, in a somewhat circus-like fashion, like a circus strongman—and perhaps that is how we sees himself—to rip the Charlottetown agreement in two.

Senator Gigantès: Only three pages.

Senator Frith: The next day in Halifax he denied saying what he had, in fact, said. Later, in a television interview, a question was asked as to whether he felt any personal responsibility for the falling dollar.

• (1420)

Mulroney replied:

> Of course not. What I was doing yesterday, I was referring to Mr. Parizeau, not me.

However, in the speech in Sherbrooke, he said: "A No will mean, as Mr. Parizeau admits, the beginning of the process of dismantling Canada." It was very explicit that, in the opinion of Mr. Mulroney, a "no" means the beginning of the end for Canada and that Mr. Parizeau admits it. It was not, as he was implying, simply a matter of that being what Mr. Parizeau believed. He said, "This is what I, the Prime Minister, say, and it is something Mr. Parizeau admits to be true".

On that subject, I would ask the Leader of the Government in the Senate, does he agree with the Prime Minister and Mr. Parizeau?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think you have to look at the reference to Mr. Parizeau and indeed to the "no" forces in Quebec in the light of the strategy that they adopted almost immediately upon the calling of the referendum. At that point, Mr. Parizeau and his colleagues were trying to advance the somewhat insidious, in my view, argument that a "no" vote in the referendum would be absolutely without consequences; that a "no" vote was not really a vote on sovereignty; that a "no" vote was simply for the continuation of negotiations. Thus did Mr. Parizeau hope to attract the support of people who are federalists.

Since that time, Mr. Parizeau and some of his supporters, notably the Honourable Lucien Bouchard, have really let the cat out of the bag. Mr. Parizeau, when speaking to a group of students within the past week or so, trumpeted the fact that a "no" vote would, indeed, get the last impediment out of the way and the road would be clear to sovereignty.

What the Prime Minister was doing in his speeches in Sherbrooke and in Halifax, and in some other interviews that I saw referred to, was to highlight the fact that Mr. Parizeau and his colleagues had now taken the veil away; they had disclosed what had been their objective all along, and their true objective in this referendum, as in their political activity generally, is to bring about the separation of Quebec from the rest of Canada.

Senator Frith: I do not know whether other honourable senators are having the difficulty I am having in understanding whether that was an answer to my question, although I must say that I appreciate the Leader of the Government's wanting to get those words on the record; but perhaps we could get back to my question.

The statement I was asking him about was:

> A No will not mean 'business as usual.' It will mean the end of negotiations, and the end of the process that led to Charlottetown. A No will mean . . . the beginning of the process of dismantling Canada.

My question was: Does Senator Murray agree with the Prime Minister and Mr. Parizeau that a "no" vote will have that result?

Senator Murray: Honourable senators, quite a number of us have said—and of course I support what I believe is the obvious conclusion—that a "no" vote on October 26 will, indeed, be the end of the process that led to Charlottetown.

Nobody with any knowledge or experience in these matters truly believes that a "no" vote would be followed by a resumption of negotiations among the federal government, 10 provinces, two territories and four Aboriginal associations. To expect such a thing to happen would be totally unrealistic in political terms.

• (1430)

As for it being a step towards the dismantling of the country, yes, I have no doubt that the forces of separatism in Quebec, led by Mr. Parizeau and Mr. Bouchard, would immediately interpret a "no" vote as the first step towards separation. I think that the demand for a referendum on sovereignty would increase quite considerably, and that Quebec and the rest of the country would be in a difficult position indeed.

Senator Frith: Honourable senators, I think I detected a hint, at least, that the answer to my question is yes, that the Government Leader does agree with the Prime Minister and Mr. Parizeau. Let me just try to tighten it up a bit to be sure that I do understand.

What will happen if the referendum results in a "no" vote in this context? If the government calls an election between now and October 26, that would have the result, of course, of derailing the whole referendum process under the legislation we passed. However, assuming that this government is still in office on October 27, and there is a "no" vote, will constitutional negotiations end, as Mr. Mulroney has said—and as apparently Senator Murray agrees—and will the government then begin negotiating the dismantling of our country? Would that be their policy on that occasion?

Senator Murray: Honourable senators, as I hope the honourable senator understands, the statement I have made, and which has been confirmed by many of the parties to the Charlottetown agreement, including Premier Rae in the last few days, is that it would be totally unrealistic to expect that constitutional negotiations could resume on the ashes of the Charlottetown agreement.

Second, the answer of course is no, we do not intend to negotiate the dismantling of the country, but I have already pointed out that that is the option of the separatist forces under Mr. Parizeau, and I have no doubt they will do everything possible to bring it about.

Third, I may say, perhaps to the disappointment of some honourable senators opposite and to the surprise of others, that I fully expect the results of the referendum on October 26 to be a resounding "yes", nationally and in every province and territory.

Senator Frith: Honourable senators, if I understand the answer, the government would not, in those circumstances, initiate any dismantling, but would have to respond to any initiatives taken by another government.

Senator Murray: Honourable senators, the Parti Quebecois is the opposition party in Quebec. Mr. Lucien Bouchard leads a small group in the House of Commons. I am stating that in terms of their public positions and their parties, they would take new encouragement—and why would they not from a "no" vote—that their option was in the ascendancy, and their objective is the dismantlement of the country.

I take it that that objective is not shared by the honourable senator, who I presume will be taking part in this campaign on the side of the "yes" forces, however faint-heartedly. That option is not shared and will be fought against by all those who are true federalists.

Senator Frith: We do not really know what the government will do in that case because they cannot contemplate the possibility, and of course our position and this party's position is that we do not want that result, either. However, we understand that the government is certain it will not happen, and therefore has no particular position as to what it will do if there is a "no" vote either in Quebec or in some other provinces. The government is not thinking about that.

CHARLOTTETOWN ACCORD—AVAILABILITY OF LEGAL TEXTS—DESIRABILITY AND DATE OF ISSUANCE—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Let me turn to one other aspect, then, that has been the focus of a good deal of attention, and that is the question of the legal texts. Some governments, including those that were negotiators at Charlottetown —

Hon. Lowell Murray (Leader of the Government): And all governments were.

Senator Frith: Yes, of course, they all were. I am just underlining the fact that they were members of the negotiating team.

Messrs. Getty and Wells have stressed the importance of having the legal texts prior to October 26. Mr. Horsman, I understand from what our colleague Senator Olson told us yesterday, is quite firm on this point. However, Premier Rae suggested that Canadians do not need the legal texts in order to make an informed decision.

I would like to know this from the government leader: Have there been discussions between the representatives of the federal government and the provinces about the desirability or the advantages and disadvantages of releasing the final legal texts before Canadians have a chance to vote on October 26? Second, was the question mooted as to whether or not we should issue the legal texts before that date?

Senator Murray: Honourable senators, the only answer I can give to that question is that all of the governments involved have been working diligently to conclude the legal texts. The officials representing the federal government, ten provinces, two territories and four Aboriginal associations met three times prior to this week and are meeting all this week —and will have met four times this week—with a view to reaching an agreement on all of these legal texts.

Of course it must be stated that the political leaders who negotiated the Charlottetown agreement will, as a group, have to give final approval to the legal texts. The texts would be brought into Parliament and into the various legislatures for ratification.

Senator Frith: Again, I have some useful information, but that really was not my question. My question was based on a memorandum of September 15, which states:

> Heads of delegations reviewed the advantages and disadvantages of releasing legal texts during the referendum campaign.

We now know from the answer given by the Leader of the Government that they have been discussing, preparing and reviewing legal texts. My question was whether those involved, including the government of which he is a member, discussed the disadvantages or advantages of releasing legal texts during the referendum campaign.

I assume that the Leader of the Government is familiar with that memo. Its existence was confirmed by Mr. Mark Entwistle of the Prime Minister's office.

My question is: Did this government and the other governments actually consider the advantages or disadvantages of releasing any text?

Senator Murray: Honourable senators, views may have been expressed on one side or another on that matter, but the discussion would be purely hypothetical, and still is since the governments do not know whether texts would be concluded and approved prior to October 26.

Senator Frith: That is still not dealing with my question. Let me ask if the Leader of the Government will obtain that document and table it for us.

Senator Murray: Which document?

Senator Frith: The memorandum of September 15, 1992, confirmed by Mr. Mark Entwistle who, according to a Canadian Press story, described how some wording was revised in the final version of the memo. I wonder if we could have a copy of that.

However, I am still asking—and I again detect that the answer is yes—whether the parties involved actually considered the possibility of not releasing a text even if they had one. This is not conditional on the question of whether they have one or not. They were discussing the advantages and disadvantages. I want to know whether the government considered the possibility of not releasing a text since the government apparently discussed with the other governments the advantages and disadvantages of releasing texts.

Senator Murray: I honestly cannot imagine what disadvantage there would be in releasing legal texts that had been agreed to by all the parties. I cannot imagine how anyone could see any disadvantage in that. I would see some disadvantage in having 17 different drafts flying around, leading to all sorts of confusion and misinterpretation.

• (1440)

I see no disadvantage, and I do not know anyone who does see any disadvantage, in making public the texts that are finally agreed to by the parties concerned. Was that the question?

Senator Frith: No, it was not. The question was: Did the government and the others negotiating consider and review the advantages and disadvantages of releasing the texts? The answer given by Senator Murray was, "I cannot imagine any disadvantages." The question was, "Did they consider it?" I suppose I will have to assume they did, because he has not challenged the authenticity of the document.

Senator Murray: The honourable senator did ask for a document. My answer to that is this: The government will be happy to table any document which the federal government, 10 provinces, two territories and four Aboriginal associations have agreed to place in the public domain.

Senator Frith: The answers I keep getting do not deal with whether the advantages or disadvantages of releasing the texts were considered. I will take it that the document is not being challenged thus far. We have only the opinion of the Leader of the Government in the Senate on the question pertaining to whether he thinks there are advantages or disadvantages.

Let me go on.

> The memo is a record of a Sept. 10 meeting between federal and provincial officials, and contains legal text proposals that could alter or expand on key parts of the Aug. 28 constitutional accord.

That is not a quote from the document, but a quote from the report.

Senator Murray: From the newspaper?

[Senator Murray.]

Senator Frith: Yes. What I shall read next is an alleged quote from the document.

> Heads of delegations reviewed the advantages and disadvantages of releasing legal texts during the referendum campaign . . .

What does that say? It is not the answer I got. I repeat, it states that they actually considered whether they would or would not release those texts.

I go on:

> It adds, however, that the officials decided to make "best efforts" to finish the texts by the end of September regardless of whether the governments decide to release them before or after the referendum.

This is what I would like to know: Is it true that at the same time as they were making their "best efforts" they were saying, "Even if we succeed, we may not release them to the people before referendum day"?

May I have an answer to that question?

Senator Murray: Honourable senators, I do not know the answer to that question, because —

Senator Frith: You do not know about the document?

Senator Murray: —I cannot confirm the authenticity of the report from which the honourable senator quotes.

Senator Frith: You do not know about the document to which I am referring, and you do not know whether or not it is authentic.

Senator Murray: No, I do not, honourable senators.

"OUR FUTURE TOGETHER—AN AGREEMENT FOR CONSTITUTIONAL RENEWAL"—HIGHLIGHTS AND SUMMARY OF CHARLOTTETOWN CONSENSUS REPORT

Hon. H.A. Olson: In the same vein, honourable senators, I hold in my hands a pamphlet entitled, "Our Future Together." As the Leader of the Government told us the other day, the government plans to print and mail enough copies of this little pamphlet in order to put one in every mailbox in Canada. Its full title is, "Our Future Together—An Agreement for Constitutional Renewal".

Hon. Lowell Murray (Leader of the Government): Is that the text of the Charlottetown agreement?

Senator Olson: It is what the government has, or will, put in every mailbox in Canada.

Senator Murray: Is it the text of the Charlottetown agreement?

Senator Olson: No, I will get to that. I also have in my hand a document entitled, "Consensus Report On the Constitution, Charlottetown, August 28, 1992, Final Text". I received it from the government, too, by the way. The two documents are not the same.

Is the minister aware that this little blue-coloured pamphlet that was sent out to every mailbox in Canada, allegedly being

the text of the agreement, contains significant differences from the so-called Consensus Report On the Constitution?

Hon. Lowell Murray (Leader of the Government): Send it over with a page and I will look at it.

Senator Olson: These two documents, the first to which I referred and which was sent to every mailbox in Canada, and the other one that I received from the government and which states that it is the text of the constitutional review, are not the same. This is a rewrite of the whole thing.

Senator Stewart: It is a spiel!

Senator Olson: There are a few words that are the same, but there is a whole lot that is not the same as the so-called Consensus Report. Do you think it is fair to mislead people by saying that this little blue book contains the review?

Senator Murray: Honourable senators, the document entitled "Consensus Report On the Constitution" is the actual text of the Charlottetown agreement. The other document to which the honourable senator refers is a summary.

Senator Olson: Why do you say it is the text, then?

Senator Murray: It does not state that it is the text.

Senator Olson: You say it is the renewal.

Senator Murray: Honourable senators, we will send out this pamphlet. We will also send out the text.

Senator Olson: They have not seen the text yet.

Senator Murray: They will see it. The honourable senator should at least take the trouble to read the first sentence of the pamphlet. It does not purport to be the text. It is clearly not the text. It states:

> This document provides highlights of the unanimous constitutional agreement of August 28, 1992.

Each heading in the pamphlet, whether it be "Quebec's Distinctiveness", "Senate Reform", "The Inherent Right of Self-Government", describes the provisions of this text. The pamphlet is descriptive and is a summary. It is not the text. It does not pretend to be the text.

The honourable senator should not become unnecessarily indignant for no reason at all.

Senator Olson: I think every person in Canada ought to know that this little pamphlet you sent out is not the agreement.

Senator Murray: Unlike the honourable senator, most people will read the first sentence and see that it contains highlights and is not the text.

Senator Olson: I want the Leader of the Government to admit that this pamphlet is not the agreement.

Senator Murray: That is what I said.

Senator Olson: It is someone's interpretation of the text of the agreement.

Senator Murray: Right. It says so in the first sentence.

Senator Olson: You had better let a few people know that what you sent out is not the agreement. You pretend that it is.

Senator Lynch-Staunton: No, you pretend that it is. You are the great pretender.

CHARLOTTETOWN ACCORD—AVAILABILITY OF LEGAL TEXTS—POSITION OF PREMIER OF NEW BRUNSWICK

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate, arising from a headline in this morning's Montreal *Gazette*, which quotes the premier of my province. I do not always agree with him, but I state my agreement when I can.

The headline reads, "Flap over legal text is red herring: McKenna". I agree with him.

I believe that a legal text resulting from a negotiation such as the one we have seen regarding the Constitution will be made available, if and when it is ready. Some 11 to 16 people negotiated that agreement. The only thing that will bring the agreement into force is a legal text. I am sure it is the wish of the negotiators to have that legal text. I also understand that that process can take time. I hope the government can produce it—not that many people would read it. However, it would prove to the naysayers that they were wrong, if it is produced before the vote takes place.

I wish to quote for honourable senators some of what my premier had to say. The article explains why he thinks the flap over the legal text is a red herring. It states in part:

> While federal politicians talk of doom and gloom if the No side prevails, McKenna said the New Brunswick Yes campaign will accentuate the positive.
>
> It will emphasize why people should vote for the Charlottetown accord, not why they shouldn't vote against it.

My question to the Leader of the Government in the Senate is this: Will he kindly ask the Prime Minister to tone down his rhetoric so that people will not vote "no" when in fact they want to vote "yes"?

Hon. Lowell Murray (Leader of the Government): Honourable senators, we all have our own way of bringing issues to a head and conveying what is at stake. The Prime Minister's dedication to the cause of national unity is beyond any doubt. He sees this referendum as a watershed in our history. This referendum will be a defining point in the history of Canada. He believes—as I do, and as I think most of us do—that our future political stability and economic prosperity are riding on the outcome.

Senator Thériault: I do, too.

Senator Murray: Then the honourable senator should not, and obviously does not, disagree with the case the Prime Minister is making.

With regard to the texts, I have had occasion twice this week, and most recently this morning, to speak with some of the officials involved on behalf of the federal government in the discussions with our provincial, territorial and Aboriginal

counterparts. Very good headway is being made in ironing out hundreds of technical details in this drafting process, but the fact remains that the legal texts will be what the 17 political leaders unanimously agree they are.

COST AND MEANS OF FINANCING REFERENDUM

Hon. John B. Stewart: Honourable senators, I have a couple of questions on the constitutional referendum.

Yesterday, the Leader of the Government in the Senate answered a question I had asked earlier. I had asked him for the government's estimate of the cost of the constitutional referendum. His reply, as given at page 2158 of *Hansard*, is as follows:

> My recollection is that the national referendum will cost somewhere in the vicinity of $150 million, that the funds are in Treasury Board Vote 5, and that they would be transferred to the Chief Electoral Officer for the purpose of conducting a referendum.

My question now is: Am I correct in assuming that the $150 million does not include the costs for printing the pamphlet which was discussed so illuminatingly earlier this afternoon, the cost of printing and distributing the copies of the Charlottetown accord, and costs of the advertisements the Government of Canada will be placing in the media?

If I am correct in that assumption, to what votes will these several additional costs be charged, and what is the government's estimate of the total cost of these promotional activities, which are quite distinct from the $150 million required by the Chief Electoral Officer for the purposes of the referendum?

Hon. Lowell Murray (Leader of the Government): The honourable senator is correct in his assumption that the $150 million relates to the conduct of the referendum by the Chief Electoral Officer. I do not know exactly to what vote the other activities will be charged or, indeed, off the top of my head, what the estimate is of the expense involved in these publications and related activities. I would have to make inquiries.

The Hon. the Speaker: Honourable senators, I am advised that, according to our rules, the 30 minutes for Question Period are up. However, at the request of the Leader of the Opposition, would honourable senators agree to extend the Question Period?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, in view of the fact that we were unable to have a Question Period yesterday, I would request that we extend today's Question Period.

Senator Murray: Honourable senators, I would agree with that, so long as the extension is not indefinite. I do have other commitments.

[Senator Murray.]

POST-REFERENDUM PROCESS—RECALL OF PARLIAMENT—AVAILABILITY OF WITNESSES TO SENATE—GOVERNMENT POSITION

Hon. John B. Stewart: Honourable senators, my second question is prompted by the motion of which the Deputy Leader of the Government in the Senate has given notice, namely the motion concerning adjournment. We are to adjourn for two months.

On September 22, I asked the Leader of the Government about the process in this Parliament and the several legislatures after October 26, assuming a "yes" vote in the referendum. At that time, Senator Murray said, at page 2074:

> My impression is that there is a desire on the part of the various parties to the agreement, the federal government and the provinces being the parties to the amending formula, to proceed quite quickly with the process of legislative ratification so that we do not find ourselves in a similar situation to that which took place between 1987 and 1990 with the Meech Lake Accord.

We are being told that great progress is being made in drafting the actual amendment texts. Assuming that those texts are available before October 26, why should the two Houses of Parliament not return here in November to proceed, as Senator Murray has said, quite quickly with the process of legislative ratification? In Nova Scotia, for example, a provincial election is pending. A federal election is in the offing.

Will this matter be left over so that we can ascertain the outcome of these several elections, or will the government proceed with it quite quickly?

I have another question about the parliamentary process. I refer now to an address made by the Honourable Eric Kierans in Halifax last Friday. Perhaps I had better read a paragraph or two from *The Chronicle-Herald* of September 26, 1992.

> The man who chaired Nova Scotia's public hearings on the Constitution last year told a Halifax audience Friday he opposes the agreement being voted on Oct. 26 both in content and principle.
>
> But after a half-hour public tirade against the deal, he said he'll vote for it anyway.
>
> The one-time Quebec cabinet minister said that regardless of the deal's content, Quebecers will take No as a rejection by English Canada.
>
> "There is only one reason why I wouldn't vote no and that is that people in Quebec could use the vote to say I didn't like Quebec."

Then later on in the story, he is reported as saying:

> "Nothing is going to happen in either event . . . I'm not voting for or against this stuff, I just don't believe in it."

My question is: When the proposed amendment texts have been made public and are before us, perhaps in November or early in December, will the Senate have an opportunity to call

witnesses such as Eric Kierans? Will we have an opportunity to hear this experienced witness with regard to the advisability of adopting several proposed amendments?

Hon. Lowell Murray (Leader of the Government): Honourable senators, how we proceed at the time of ratification is a matter to which I have not really given much consideration, but of course we will want to discuss that with honourable senators opposite. We will be open to suggestions with regard to hearings and witnesses and so forth.

So far as the schedule of ratification is concerned, yes, all of us, the federal government and the provinces, are anxious to move ahead as quickly as possible.

We are proposing an adjournment to December 1, but it is a relatively simple matter to bring the Senate back earlier than that by way of an instrument of advice to His Honour, the Speaker of the Senate.

Senator Frith: After agreement or consultation?

Senator Murray: No, bringing the Senate back earlier simply requires a request from the government to His Honour. We intend to bring the Senate back before December 1st in any case to deal with third reading of Bill C-80 after the Standing Senate Committee on Social Affairs has completed its study of that bill.

Senator Molgat: Which may not be till after December 1.

Senator Murray: I would hope and expect that the committee would be able to complete its work before the end of October, and that we would be back here to deal with that matter during October.

After that, I have left the month of November open, but I note that at the present time the plan of the House of Commons is to return only on November 16th. If they were to begin the process of ratification right away, we might want to come back a bit earlier than December 1st, and if they decided to come back prior to November 16th, the likelihood is that we would follow them here earlier.

We have all the leeway in the world to convene at an earlier date. The difficulty arises when we adjourn to an earlier date and bring senators back here only to find that there is not sufficient business to occupy them.

Senator Stewart: The answer is, then, that there is a real possibility that both houses of Parliament will be brought back by the government to deal with the ratification of the constitutional amendments early in November, or perhaps by the middle of November. It is quite possible that we will be back here to deal with the amendments early in November or by the middle of November?

Senator Murray: A real possibility, yes.

REFERENDUM—METHOD OF REPORTING VOTE—EFFECT OF WESTERN PREVIEW

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is directed to the Leader of the Government. I am disturbed by a story that appeared recently in the *Globe and Mail* regarding the manner in which the vote on the referendum will be reported. The headline is "West to get vote preview. Quebec results can be out early". I will read the first two sections so that my honourable friend will understand exactly what the article is about.

> Westerners will be able to know the results of the Quebec constitutional referendum before they vote on Oct. 26.
>
> Jean-Pierre Kingsley, Canada's chief electoral officer, told a news briefing yesterday that no blackout will be imposed on broadcasting the Quebec referendum results in other parts of the country.

That means that polls in the western provinces could still be open one, two or three hours after the time that the Quebec vote comes out. I understand that because it is a Quebec referendum and not a national election, the results can be broadcast. Therefore people in British Columbia will know three hours before the closing of the polls exactly how the vote went in Quebec.

I think this poses some very serious problems for the referendum. There ought to be some measures taken which would rectify that situation because it could have a very serious effect on the referendum. Is the government considering anything like that?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not sure what could be done to create a blackout of the Quebec or the eastern results until polls close in the west of the country. The situation is not identical to that of a national election. I would ask the honourable senator to take some comfort from the high probability that the results from Quebec and elsewhere in the east will be such as to encourage an even bigger "yes" vote in the western part of the country.

Senator Molgat: Honourable senators, is the government looking at this situation and contemplating doing something about it?

Senator Murray: Not that I am aware of, honourable senators, but I will make inquiries.

Hon. Louis-J. Robichaud: Honourable senators, I agree with the Deputy Leader of the Opposition in the Senate. I think this matter is extremely important. It should be looked into very seriously by the government. If necessary, the House of Commons and the Senate should be reconvened simply for the purpose of enabling a declaration of a "yes" or a "no" at the same time on October 26 from east to west. This, in my estimation, is extremely important.

REFERENDUM—"YES" CAMPAIGN—EFFECT OF PRIME MINISTER'S STATEMENTS

Hon. Louis-J. Robichaud: Honourable senators, although I did not intend to speak to any extent, I would like to say that I intend to vote "yes" on October 26, and I know why I will be voting "yes". I would like people to stop confusing the issue by creating all sorts of questions.

We will continue as a country after October 26. It may not be the country that we loved. I am convinced that it will be, but an accident can happen, and if an accident should happen, it will be a temporary accident. Canada will continue.

Senator Frith: You disagree with the Prime Minister, then? Yes, I agree.

Senator Robichaud: I disagree with the Prime Minister. This is the point that I wanted to make. At the moment the worst salesman for the "yes" proposition is the Prime Minister. Would the Leader of the Government in the Senate please tell him to stay home and let the people decide on October 26? If he lets the people decide, they will vote "yes".

Hon. Lowell Murray (Leader of the Government): Honourable senators, if the Prime Minister were not out campaigning very vigorously and effectively in favour of the "yes" side, the honourable senator would be the first on his feet to complain that the Prime Minister and his ministers are not doing their duty by Canada.

In that respect, I must say that the whole "yes" side could do with something more than the rather faint-hearted participation of the Leader of the Liberal Party and his constant exhortations to "hold your nose and vote for it."

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, does the Government Leader believe that the speech made by the Prime Minister in Sherbrooke is helping the "yes" cause?

Senator Murray: Absolutely, honourable senators, and I invite my friend to wait for a few days, first of all to see how the campaign is going and where the "yes" side is gaining and the "no" side is losing, and then wait to see the results on October 26 which, I am confident, will be resoundingly "yes" in ten provinces and two territories, and nationally.

Senator Molgat: So we have it on the record, then, that the leader accepts that a fear campaign is the right campaign.

UNITED NATIONS

EMERGENCY AID TO SOMALIA—DELAY IN DELIVERY

Hon. Eymard G. Corbin: Honourable senators, I have follow-up questions to put to the Leader of the Government in the Senate. On September 24 he answered some of my questions about the conflict in Bosnia and the famine in Somalia, and I would like to quote him from page 2120 of *Hansard*. He said:

> With regard to Somalia, we were among the very first countries to provide humanitarian aid. Further to that, we are at the forefront in providing troops in order to do what we can to ensure that the humanitarian aid gets through to the people for whom it is destined.
>
> [Senator Robichaud.]

A little further down the honourable leader said:

> . . . we are providing up to 750 Canadian Forces troops to protect humanitarian operations in one of the four zones for U.N. operations in Somalia.

According to a story in today's *Citizen*, not many troops are moving. The story is headlined, "Somalia, Dithering at U.N. delays Canadian peacekeepers". I quote:

> Funding problems and diplomatic snags at the United Nations have forced Canada to delay sending peacekeepers to Somalia.

The situation in the drought-ravaged country is worsening. One hundred thousand people have already died. Half a million children risk death within the next few months while the U.N. is dithering. According to armed forces top brass:

• (1510)

> A 750-man battalion from the Canadian Airborne Regiment in Petawawa will be prepared to leave anytime after Sunday . . .

Can the honourable leader inform this honourable house just what the problem is, and can he give any guarantees, within reason, that the troops will be moved to Somalia sometime after Sunday?

Hon. Lowell Murray (Leader of the Government): The problem, honourable senators, is that there is no government in that country. There is no central authority. Bands of armed gangs are terrorizing the countryside and making it extremely difficult for relief efforts to succeed and, henceforth, for supplies to get through. That is the essential problem.

Yes, we will provide up to 750 troops to protect humanitarian operations in one of the four U.N. operational zones in Somalia. As you know, three of our military aircraft began airlifting supplies to the interior from Kenya on September 12. All I can say is that we are working hard in collaboration with Somalis in Canada and in collaboration with other countries, particularly in the G-7, to overcome some of the major problems in that country.

EMERGENCY AID TO SOMALIA—METHOD OF DELIVERY—GOVERNMENT POSITION

Hon. Eymard G. Corbin: Honourable senators, I have a further question in that regard. While I want to thank the leader for his answer, I quote again from the story in today's Ottawa *Citizen*.

> Another problem is that UN officials haven't decided whether the Canadians should go quickly by air or by sea, which would add weeks.

Now that, I find, is a stupid consideration. Help is needed there now. It was needed there some time ago, and because of this dithering and procrastination, we still do not know how or when people will get there. Surely if the air is clear, whatever political or military authorities are in charge in Somalia, we will not put our troops on ships and expect them to get to Somalia in some weeks' time. Surely we will put them on planes and get them there quickly. I hope the government has enough judgment to see the decency of doing that, even if it costs a little more.

Hon. Lowell Murray (Leader of the Government): Honourable senators, it is not a lack of decency, and it is not so much a question of cost. It is a matter of effectiveness in getting aid through. There is no government there. There are countless armed bands operating in an uncontrolled manner in that country. We are involved, as are the Americans, the Italians, Germany, the U.K., Japan and France in responding with supplies. In addition to Canada, the United States, Germany, France and Italy are providing aircraft for the airlifting of relief supplies.

I repeat, honourable senators, that this is an extremely dangerous and difficult process. We have all seen on television reports of what has happened on occasions when some of these armed bands have taken over the airport and helped themselves to the supplies and used them for their own purposes or sold them in the black market, effectively preventing the supplies from getting through to the people who need them. However, I want to assure the honourable senator that all of these countries are making a concerted effort to solve the problem to the extent that we can.

Since at least August, Prime Minister Mulroney has been in touch with President Bush, and with the Secretary General of the United Nations. All of our responsible ministers and officials, both here and abroad, are doing their utmost to see that the needed relief is brought to those desperate people in that unfortunate country.

PEACEKEEPING OPERATIONS—EFFECT OF DEMANDS ON CANADIAN FORCES

Hon. Eymard G. Corbin: Honourable senators, I have one final question for the Leader of the Government in the Senate. Mr. Alex Morrison of the Canadian Institute for Strategic Studies made a statement recently that was published in the *Halifax Chronicle-Herald* of September 3, and I have seen no denial of that statement in any paper since that time. That statement was made following a Canadian commitment for an additional 1,200 Canadian peacekeeping troops to be sent to Bosnia. Mr. Morrison said, "we are starting to stretch it." The article goes on to say:

> Demands on Canada for military personnel to serve in peacekeeping have reached a point where some worry the Armed Forces are being spread too thin.

My question is this: Does the government share that concern, and have we, in fact, reached that limit?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would have to ask for a considered reply to that question from my colleague, the Minister of National Defence, but I think Colonel Morrison is saying no more than the truth when he speaks of the extraordinary demands that have been placed in recent times on our forces by peacekeeping operations old and new.

NOVA SCOTIA

DEVELOPMENT OF WESTRAY MINE—PARTICIPATION OF PRIME MINISTER —APPOINTMENT OF ELMER MACKAY AS MINISTER IN CHARGE OF ACOA

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I said yesterday, and again today, that I have questions on two more subjects, one of which relates to Westray. My question is for the Leader of the Government in the Senate, and it deals with the interest that the Prime Minister took in promoting the development of the Westray mine in Nova Scotia. Is the Leader of the Government aware of a Curragh Resources document that suggests that not only was the Prime Minister directly involved in the promotion of Westray, but that he told then Premier Buchanan that Westray was one of the reasons why he put Elmer MacKay in charge of ACOA?

I should refer to the document more particularly for the sake of the Leader of the Government in the Senate. It is a document headed "Westray Coal Inc., Memorandum, Confidential." "Note To File (See Attached Distribution List)." It is from Marvin Pelley, Executive Vice President, Mining. "Subject: Meetings with the Premier of Nova Scotia and Don Cameron." In the third paragraph it says:

> The Premier said that he talked to the Prime Minister on Monday and the Prime Minister was disappointed and surprised that the deal was not yet done. The Prime Minister stated that this deal was one of the reasons that Elmer MacKay was put in charge of ACOA.

My first question on that subject is this: Is it true that that was a significant factor in his decision to appoint Elmer MacKay as minister in charge of ACOA?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have not the faintest idea, nor do I have any knowledge, of what the honourable senator has indicated is an internal document from a private company.

Senator Frith: Yes. The document is dated March 3, 1989. The Leader of the Government states that he has not the faintest idea.

Is the Leader of the Government now able to acknowledge the Prime Minister's direct interest in the Westray development?

Senator Murray: Honourable senators, of course, and for more detail on that, I would refer the honourable senator to the

House of Commons *Hansard* of June 1st, where the Prime Minister dealt with this matter in considerable detail.

Senator Frith: Thank you, I will do that and pursue the matter when we come back.

WESTRAY MINE DISASTER—JUDICIAL INQUIRY—CONSTITUTIONAL JURISDICTION

Hon. Royce Frith (Leader of the Opposition): My third question on this subject is this: Does the government support the position taken by private corporation counsel that the inquiry on this subject cannot consider criminal responsibility because of the fact that the constitutional responsibility for criminal law lies under section 91 and not section 92 of the Constitution?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the short answer will be no. I hasten to add that I do not believe the Attorney General of Canada is intervening in the matter, but if she has anything to add to my short answer I will bring it in.

Senator Frith: The short answer being, "No, the government does not support that position." My question was does the government support —

Senator Murray: Section 91.

Senator Frith: Yes.

Senator Murray: No.

Senator Frith: The application of section 91 being that the inquiry therefore has no jurisdiction to consider criminal responsibility arising out of the events at Westray. I understand that the answer is —

Senator Murray: As I understand it, there are several grounds on which a group of people have launched a case in Nova Scotia, that being one of them. My understanding is that, no, that is not our position.

Senator Frith: I hope it is clear that I am not limiting it to that ground. I was expressing the ground simply as information on the question. What I really want to know is whether the Government of Canada supports the position, for whatever reason, that the inquiry cannot deal with the question of criminal responsibility. The government is not saying that they are unable to consider the question of criminal responsibility.

Senator Murray: Let me be clear. The position of the Government of Canada with regard to Royal Commissions and inquiries of that kind, appointed by the provinces, is as it was in the 1970s at the time of the Keable Commission in Quebec, a commission which, as I understand it, was upheld by the Supreme Court of Canada.

Senator Frith: I hope everybody can understand that answer, which was supposed to be one of clarification. In any event, the Leader of the Government apparently will take up with the Attorney General and the Minister of Justice what the government's position is on the jurisdiction of this body to consider criminal responsibility.

[Senator Murray.]

Senator Murray: If she has anything to add to my short answer, I will bring it in.

Senator Frith: Yes. I recognize fancy footwork when I see it, although I thought it was fairly unfancy at first. It is getting a little more like toe tapping now.

NORTH AMERICAN FREE TRADE AGREEMENT

EFFECT OF FREE TRADE ON EMPLOYMENT—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): I have a question for the Leader of the Government concerning NAFTA. The government is spending $3 million to publish a four-page newspaper to sell Canadians on the NAFTA agreement. It asserts that the free trade agreement has helped attract foreign investment and create jobs. Investment Canada, however, reports that between June 30, 1985, and June 30, 1992, 93.2 per cent of the $115.8 billion of foreign investment in this country went to take over existing businesses. Only 6.8 per cent launched new enterprises. Currently, I believe, there are more than 1.5 million unemployed Canadians—double-digit unemployment, and a further 600,000 have dropped out of the labour force. That being so, is the government, with this document, again trying to fool the people or—and I hope this is the answer—does it have information that it will share with us that contradicts Investment Canada?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Leader of the Opposition is relating statistics that we put forward with regard to foreign investment in Canada in the period during which the Free Trade Agreement has been in force. The Investment Canada report to which he is referring deals with the period from 1985 to 1992, I believe he said. The free trade agreement came into force in January 1989.

Senator Frith: Yes.

Senator Murray: The period was from 1985 to 1992.

Senator Frith: Yes, which includes the period just referred to by the Leader of the Government. Let me repeat the figures in the four-page, $3 million newspaper. It asserts that free trade has helped attract foreign investment. It has had from 1989 to 1992 to do so, but, according to Investment Canada, only 6.8 per cent of that investment launched new enterprises.

I am asking whether there is some information that the government has that contradicts Investment Canada, because otherwise what they are saying in this newspaper is false.

Senator Murray: Honourable senators, the only point I want to make is that the relevant period is since January 1, 1989, and I will obtain an analysis from the Department of International Trade and Finance with regard to foreign investment and the purposes to which it was put for the period since the free trade agreement came into being.

Senator Frith: You will ask Investment Canada, I hope.

Senator Murray: And Investment Canada, if the honourable senator wishes.

Senator Frith: That is what I am asking you about, not the Department of Finance.

Senator Murray: I hasten to add that foreign investment that buys up an existing Canadian company is not, as it were, a loss to the Canadian economy. That puts money into the hands of the sellers of the company —

Senator Frith: Yes, so they can go to Florida.

Senator Murray: —which they do not put under a mattress.

Senator Frith: And often they subsequently close it down after they have acquired it.

Senator Murray: This money is frequently used to invest in new, expanding, businesses and other economic activity across the country. The honourable senator surely does not think that the seller of a company takes the cash and puts it under a mattress.

Senator Frith: No, I do not think they do that. However, I am quite sure they do not often take it and immediately go out and create new jobs.

Senator Murray: How do you know?

Senator Frith: I don't know, but neither do you know that they do not put it under a mattress; so it is one speculation for another. Let's get to the important point and that is that only 6.8 per cent launched new enterprises. I take it that the Leader of the Government is smilingly asserting that there is no difference. When they acquire presently existing industries and companies, that is just as effective in creating new jobs as launching new enterprises. If so, why do we still have 1.5 million unemployed and 600,000 dropping out of the labour force?

Senator Murray: Honourable senators, it would depend on the particular case; it also depends on what the seller does with the proceeds of the sale.

Senator Frith: Honourable senators, that is another answer. I had all these questions and I cannot say I am going into the adjournment with a handful of answers, but certainly a handful of evasions.

THE CONSTITUTION

CHARLOTTETOWN ACCORD—INDIAN SELF-GOVERNMENT—PARAMOUNTCY OF INDIAN LAWS—AVAILABILITY OF LEGAL TEXTS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, yesterday I asked a question of the Deputy Leader of the Government to pass on to the leader regarding statements by Mr. Mercredi. I wonder if the leader is in a position to answer.

Hon. Lowell Murray (Leader of the Government): I am sorry, I am not, honourable senators.

Senator Molgat: Then I will ask the question again. Mr. Mercredi was speaking to a gathering of Manitoba chiefs. The newspaper report has him saying that self-government guaranteed under the accord means that Indian law will come first. Admittedly, that was the press reporter's interpretation.

• (1530)

There is a quotation in the article, which I presume is accurate. Mr. Mercredi stated:

> One of the powers you will have is to make laws to displace federal and provincial laws. There will be a paramountcy of Indian laws.

Is this in all fields? Exactly what does it mean "There will be a paramountcy of Indian laws"?

Senator Murray: Honourable senators, I do not think that I or any minister should be asked to comment on a press report of part of a statement made by Mr. Mercredi at a meeting in Manitoba or anywhere else.

With regard to the application of Canadian laws or Aboriginal laws, the honourable senator can read the Charlottetown Consensus Report for himself and see the extent to which the inherent right to self-government exists within the context of Confederation, is subject to the Charter of Rights and Freedoms and is also, as I recall, subject to the powers of Parliament and the provinces in the realm of peace, order and good government in the country.

There is nothing more that I can say on this matter.

Senator Molgat: If we had the legal texts, we could find out exactly what it states. I have read the accord and I did not find there an answer to my specific question.

Unless the paramountcy of Indian laws displacing federal and provincial laws is explained, it may cause problems for many Canadians who are wondering what the exact meaning is of the inherent right to self-government. I think that should be explained before October 26.

Senator Olson: Much before.

Senator Murray: The Charlottetown agreement effectively set out the inherent right to self-government, subject to the considerations that I mentioned, and set out a political framework for the negotiation of the inherent right to self-government by the different Aboriginal groups in the country, as well as the province and the federal government.

Hon. H.A. Olson: I should like to ask a supplementary question. All the Indian bands and Indian chiefs in Alberta have looked over that clause. I understand that they have decided to vote against it because that is not what they had been asking to have negotiated. Do not be surprised. You are saying that there is to be paramountcy of Indian law, and that is what they expected. However, that is not what is reflected in the end result, so take your chances.

Surely the Leader of the Government could give us a little indication of whether there is to be paramountcy of aboriginal law or paramountcy of provincial law. Can you tell us?

Senator Murray: I invite my friend to read either the Charlottetown Consensus Report or even the summary which the government has prepared for his convenience.

CHARLOTTETOWN ACCORD—INDIAN SELF-GOVERNMENT—PARAMOUNTCY OF INDIAN LAWS—APPLICABILITY TO MÉTIS POPULATION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I have one further question. I assume that once we have an explanation of exactly what rights have been granted under the inherent right to self-government, the same deal will apply to the Métis population. My question then will be: Who will determine who is a Métis?

Senator Gigantès: We all are.

Senator Lynch-Staunton: More than we realize.

Senator Molgat: Does the minister not intend to reply?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will ask my colleague Mr. Clark whether he has any information to provide in that regard.

Senator Olson: He will tell you to vote "yes" or else.

Senator Molgat: This, again, is a very important question which should be answered prior to October 26. As my honourable friend knows, there are many levels of mixed bloods in this country. Who determines who is or is not entitled to be Métis? I would think this would be an important question that people would have in their minds when they are determining how they see the vote.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable Senators, I have delayed answers to questions asked on September 15 by the Honourable Senator Bonnell regarding the status of Concessionaires at Wood Island, on September 16 by Honourable Senator Molgat regarding a proposed meeting of the Prime Minister with big city mayors, and on September 22 by Honourable Senator Olson regarding the assessment of storm damage on the western grain crop.

PRINCE EDWARD ISLAND

FIXED LINK—STATUS OF PROJECT

(Response to question raised by Hon. M. Lorne Bonnell on September 15, 1992)

The redevelopment of the Wood Islands and Caribou ferry terminals are related to the government's commitment to keep these facilities open. The operators, Northumberland Ferries Limited, made a decision to upgrade the service by purchasing a new ferry which will replace two aging ferries. Several changes in the terminal configuration had to be made in order to properly service the special capabilities of the new ferry. The need for these changes prompted the re-developments.

[Senator Olson.]

In developing the new terminal layout for the upgraded service, Transport Canada tried to facilitate all existing businesses and operations within the new facility. This task was accomplished with the exception of the provincial infrastructure. The province decided it would be best if the scales, decontamination depot and the tourist bureau were relocated in a new complex off the ferry terminal site. The reasoning behind this decision was to try and help alleviate traffic congestion and confusion within the terminal area.

The proposed terminal layout makes for a safer and more practical operation. These changes were the result of discussions and consultations between Public Works Canada, Transport Canada, the Province of Prince Edward Island and local businesses. The last meeting was held on April 13, 1992 in Charlottetown.

It was never the Federal government's intention to affect changes that would not be acceptable to the local businesses or to the province. At present further discussions are planned to try and resolve any outstanding matters.

JUSTICE

SOCIAL UNREST—PROPOSED MEETING OF PRIME MINISTER WITH BIG CITY MAYORS AND FEDERATION OF MUNICIPALITIES

(Response to question raised by Hon. Gildas L. Molgat on September 16, 1992)

The concerns of the Federation of Canadian Municipalities (FCM) and, in particular, the Big City Mayors' Forum, about urban safety, crime prevention and the need for federal leadership have been and continue to be of on-going importance to the Prime Minister and the federal Minister of Justice.

Long before last spring's disturbances in Toronto, a pattern of regular meetings between the Minister of Justice and Canada's big city mayors had been established. On May 29, 1991, the Minister of Justice met, in Ottawa, with the mayors of Toronto and Montreal; on November 29, 1991, in Toronto, with its newly elected mayor; on December 8, 1991, in Montreal, with its mayor; on April 9, 1992, in Toronto, with the mayors of Toronto, Vancouver, Calgary and Montreal; and on April 25, 1992, in Vancouver, with the mayors of 19 of Canada's big cities. This pattern of meetings continues with a meeting scheduled for October 16, 1992 in Vancouver between the Minister of Justice and representatives of the Vancouver city council.

In concert with the consultations by the Minister of Justice, officials from both the Department of Justice and the FCM are working together to develop and recommend effective strategies for crime prevention and urban safety.

Given the leadership of the federal Minister of Justice in this area, and the active involvement of the FCM and big city mayors, a meeting between the Prime Minister and the representatives of the Big City Mayors' Forum has not been scheduled at this time.

AGRICULTURE

WESTERN GRAIN CROP—ASSESSMENT OF STORM DAMAGE—GOVERNMENT ACTION

(Response to question raised by Hon. H.A. Olson on September 22, 1992)

The Grains and Oilseeds Branch of Agriculture Canada monitors crop conditions by province and region throughout Canada on a daily basis. In addition, all of Western Canada is monitored using satellite data to determine crop conditions and assess yield potential on a weekly basis. Soil moisture conditions are calculated weekly using a soil moisture model provided by Prairie Farm Rehabilitation Administration (PFRA).

During critical periods throughout the growing season, analysts embark on crop tours throughout Western and Eastern Canada measuring yield, quality and soil moisture as well as meeting with producers, elevator managers, trade, industry and other provincial and federal government officials.

In the event of sudden and adverse weather conditions anywhere in Canada, the Department of Agriculture can assess immediately the extent and severity of damage. Constant contact with producers in all provinces, provincial government departments of agriculture, private grain companies, the Canadian Wheat Board, Atmospheric Environment Canada, Statistics Canada, PFRA, provincial crop insurance agencies and other federal and provincial agencies plus a myriad of other sources allows Agriculture Canada to be vigilant in its task.

In early August, the Market Analysis Division of Agriculture Canada forecast total production in Western Canada to be 44.9 million tonnes (Mt) taking into account the effects of the drought in Northern B.C., Northern Alberta and Northern Saskatchewan. The current forecast, taking into account the snow and frost in late August, early and mid-September and an area revision by Statistics Canada in early September, is 41.6 Mt, compared to last year of 48.5 Mt and a 10-year average of 43.5 Mt.

Quality of all grains and oilseeds in Western Canada is below average as a result of drought, frost and snow. Higher proportions of lower grades are estimated for Western Canadian grains and oilseeds.

As weather conditions change, Agriculture Canada will update yield, production and quality assessments of grains and oilseeds across the country.

ANSWER TO ORDER PAPER QUESTION TABLED

ATLANTIC CANADA OPPORTUNITIES AGENCY ADVISORY BOARD—AREAS REPRESENTED BY NEWFOUNDLAND MEMBERS

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 68 on the Order Paper—by Senator Marshall.

[*Translation*]

PRIVATE BILL

DAI AL-MUTLAQ—BILL TO INCORPORATE—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Atkins, seconded by the Honourable Senator Doyle, for the second reading of Bill S-13, An Act to incorporate the *Dai al-Mutlaq* as a corporation sole in Canada.—(*Honourable Senator Frith*).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, we shall ask that this item be deferred unless Senator Atkins has more information to give us.

[*English*]

Senator Lynch-Staunton: I move that the Senate do now adjourn.

The Senate adjourned until Tuesday, December 1, 1992 at 2 p.m.

THE SENATE

Tuesday, October 13, 1992

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

Prayers

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the election clock is ticking, but with a slightly different sound now. If the government of which Senator Murray is a member respects democracy, Canadians will cast their ballots within 38 days, but if they are cowardly and contemptuous of democracy, that cowardly and contemptuous group has 424 days.

The thing is that Canadians cannot cast their ballots within 30 days because the minimum election period is 50 days. Therefore for 12 days now, according to the criteria laid out by the Leader of the Government in the Senate himself, this government has displayed cowardice and contempt for the democratic process.

ROUTINE PROCEEDINGS

THE CONSTITUTION

DRAFT LEGAL TEXT TABLED

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have the honour to table, in both English and French, the draft legal text, projet de texte juridique, based on the Charlottetown accord of August 28, 1992. It is a "best efforts" text prepared by officials representing all of the first ministers and the Aboriginal and territorial leaders.

Hon. Royce Frith (Leader of the Opposition): Best efforts, that is the problem. That is the best they can do.

Hon. M. Lorne Bonnell: Honourable senators, may I ask the Leader of the Government in the Senate whether he calls it the Charlottetown accord or the Charlottetown agreement?

Senator Murray: Honourable senators, I am reading from the title page: "The attached draft legal text is based on the Charlottetown Accord of August 28, 1992."

Senator Frith: It is a debatable point as to whether you can call it that.

INCOME TAX ACT
CHILDREN'S SPECIAL ALLOWANCES ACT
FAMILY ALLOWANCES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Noel A. Kinsella, Acting Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

TUESDAY, October 13, 1992

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

TWELFTH REPORT

Your Committee, to which was referred the Bill C-80, An Act to amend the Income Tax Act, to enact the Children's Special Allowances Act, to amend certain other Acts in consequence thereof and to repeal the Family Allowances Act, has, in obedience to its Order of Reference of Tuesday, September 29, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NOEL A. KINSELLA
Acting Chairman

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

Hon. Lowell Murray (Leader of the Government): At the next sitting of the senate.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on a point of order, that motion should really be made by the senator in charge. That is what the rule says.

Hon. Mira Spivak: At the next sitting of the Senate.

Hon. Peter Bosa: Honourable senators, perhaps the chairman might give an outline of the report?

Senator Murray: Honourable senators, Senator Bosa has asked that the chairman give an outline of the report. The report, as I understand it, recommends that the bill be brought back to the Senate and reported without amendment. If the honourable senator wishes to give leave that we proceed now with debate on third reading, of course Senator Kinsella would be quite prepared to discuss the contents of his report.

Senator Frith: Honourable senators, the rules provide that a bill reported without amendment stands adopted and that the senator in charge of the bill—I am simply quoting your own

rules—must move third reading of the bill at a later date. That has been done.

Senator Murray: I was replying to Senator Bosa.

Senator Hastings: Take it easy!

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

INTER-PARLIAMENTARY UNION

EIGHTY-EIGHTH CONFERENCE, STOCKHOLM, SWEDEN—NOTICE OF INQUIRY

Hon. Peter Bosa: Honourable senators, I give notice that at the next sitting of the Senate, I will draw the attention of this chamber to the Eighty-eighth IPU Conference, which took place in Stockholm, Sweden, from September 5 to 12, 1992.

The Hon. the Speaker: Honourable senators, I wish to point out to the Honourable Senator Bosa, with respect to his Notice of Inquiry, that rule 58(2) says:

> . . . notice is required of any inquiry not relating to a bill or other matter appearing among the Orders of the Day or on the Order Paper.

There is a 48-hour notice requirement. Therefore, we will place this Notice of Inquiry on the Order Paper for Thursday instead of the next sitting of the Senate.

Senator Bosa: I wish to abide by the rules, honourable senators.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 160 citizens of Nova Scotia who oppose the goods and services tax.

These petitions come mainly from Glace Bay, New Waterford, East Bay, Louisdale, Petit de Grat, West Arichat and Pictou.

Honourable senators, I have the honour to present petitions signed by 280 citizens of New Brunswick who oppose the goods and services tax. These petitions come mainly from Pokesudie, Saint John, Caraquet, Burnt Church, Saint Léolin, Lagacéville, Rogersville, Tracadie, Lamèque, Grande Anse, Bas Caraquet, Saint Isidore and Saint Simon.

Honourable senators, I have the honour to present petitions signed by 150 citizens of Alberta who oppose the goods and services tax. These petitions come mainly from Calgary, Banff, Red Deer, Edmonton and Canmore.

Finally, honourable senators, I have the honour to present petitions signed by 500 citizens of Quebec who oppose the goods and services tax. These petitions come mainly from St-Hyacinthe, Chandler, St-Ambroise, Woburn, Ste-Sophie, St-Jérôme, Montreal, Scotstown, Longueuil, St-Thomas d'Aquin, Ste-Agathe, St-Urbain, Granby, Île Perrot, Quebec City, Lévis, St-Lambert and Dollard des Ormeaux.

Honourable Senators, in case Senator Murray is still concerned about it, I am pleased to tell him that these petitions go back to this summer. They were signed in June, long after the GST was imposed on Canadians in the undemocratic way we know. The total number of petitions presented today is 1,090; they come from a large number of citizens who continue to oppose the GST and are just waiting for election day to show their discontent more effectively than by presenting petitions to a government that has long since stopped listening to them, as Senator Simard has just shown again by his snickering!

QUESTION PERIOD

[*English*]

INCOME TAX ACT
CHILDREN'S SPECIAL ALLOWANCES ACT
FAMILY ALLOWANCES ACT

BILL TO AMEND—USE OF CLOSURE IN COMMITTEE TO CURTAIL HEARINGS—GOVERNMENT RESPONSE

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on Tuesday, September 29, 1992, Bill C-80 was given second reading and referred to committee. During the debate on the procedure that day, Senator Lynch-Staunton, the Deputy Leader of the Government, said at page 2145 of the *Debates of the Senate:*

> . . . on a number of occasions we have asked for agreement on having a debate at this stage, which is second reading, in order to send the bill to committee no later than Friday, in order to give the committee plenty of time to hold hearings . . .

Then he said:

> The government does not determine the committee's schedule.
>
> As I was saying, this must be done for the bill to come back in good time in order for the House to study the committee's report and to vote on third reading by the end of this month at the latest.

To which Senator Hébert said:

> By the end of this month?

Senator Lynch-Staunton replied:

> Yes, by the end of this month.

• (2010)

Senator Murray, on Tuesday, September 22, 1992, said:

> I presume that after we have dealt with Bills C-55 and C-80 the Senate will adjourn and the committee will begin its consideration of Bill C-80. Committee members will not have attendance in the Senate chamber to distract

them. They will be able to sit morning, noon and night for as long as it takes to deal properly with Bill C-80.

An Hon. Senator: One day.

Senator Frith: In fact, there was less than 12 hours of testimony by the public. Of the 30 or 31 witnesses who wanted to appear, only nine were heard. Two witnesses appeared on Wednesday night and seven on Thursday—a total of 12 hours and nine witnesses. Is that what Senator Murray meant—

Hon. Efstathios William Barootes: This is not third reading, is it?

Senator Frith: Do you want to hear the question? Was that what Senator Murray meant?

Senator Barootes: Is this third reading of the bill?

Senator Hastings: It is a question.

Senator Barootes: Talk to your friends; they understand.

Senator Frith: As I was saying, less than 12 hours of testimony by the public was allowed.

Senator Barootes: Not the seven hours you allowed on the GST.

Senator Frith: Oh, I see.

Some Hon. Senators: Oh!

Senator Frith: Now you have decided that what we did on the GST was right?

Senator Barootes: No.

Senator Frith: Is that what you are doing now? You are following our example, are you?

Senator Barootes: You set up much more.

Senator Frith: You are blaming that on the poor, too, are you? You are in favour of what happened in the GST. You are following that example, are you?

Senator Barootes: I am?

Senator Frith: Are you not? Then be quiet.

Senator Barootes: I almost died in this house.

Senator Frith: Is that not what you are suggesting?

Senator Barootes: Ask your friends there.

Senator Frith: It seems like we have a bit of thin skin over there today; there's a bit of seepage out of the ears there, senator.

Senator Barootes: No. Your three minutes are up.

Senator Hastings: What three minutes? Read the rules!

An Hon. Senator: Ask the question!

[Senator Frith.]

Senator Frith: If you allow me to ask it, I will. Less than 12 hours of testimony by the public was allowed. Nine witnesses were heard—two on Wednesday night and seven on Thursday.

Senator Simard: Ask a question!

Senator Forrestall: We are not in court.

Senator Frith: We are hearing from Elvis over here. Sing us a song, Elvis. Two witnesses were heard on Wednesday night and seven were heard on Thursday. That is a total of 12 hours and nine witnesses. Is that what Senator Murray meant when he said that the committee would meet for as long as it took to deal properly with Bill C-80? Is that what Senator Lynch-Staunton meant when he said:

> Therefore, on a number of occasions we have asked for agreement . . . in order to send the bill to committee no later than Friday, in order to give the committee plenty of time to hold hearings . . .
>
> The government does not determine the committee's schedule . . . this must be done for the bill to come back . . . by the end of this month.

Although that is what Senator Lynch-Staunton said, we had less than 12 hours of testimony from the public. He referred to ample time, but then gave less than 12 hours. We provided a list of 33 potential witnesses. Why were 13 of those groups not even called to see whether they would be interested in appearing? Why do you bother giving us such guff and then, having shut off debate through closure in the committee and having brought us back here, you stand up and make all these statements. Is that any indication of what we can believe when you stand up, smiling as you are now, and say, "We have lots of time. Of course, we will give the committee lots of time." Those are your words. Is that what we can assume will happen in the future when you give us such assurances? I think it is.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I look forward with the keenest anticipation to the debate on third reading of Bill C-80, when this discussion can more properly be held.

Senator Frith: Honourable senators, that has become the typical answer; a smirky, arrogant answer, showing complete contempt for the Senate. We see complete contempt for the leader's own undertakings to the Senate through his own words of only a short time ago. He does not look like he is suffering from short term memory loss. Those were his words. When asked to give these undertakings, why was he not at least forthright, saying, "Look, we're not going to give you time to do this. We want this bill back before the referendum is over so that nobody will notice what we are doing to these social programs while their attention is on the referendum." Why not be at least straightforward and manly and tell us, "Look, we intend to shove this thing through"; because that is what they intended to do, and that is what they have done.

I don't know why he did not do that. Instead, we were given those silly undertakings, then brought back and shown that the Leader of the Government had no sincere intention of fulfilling the undertakings at all.

Senator Murray: Honourable senators, again, we can have this discussion within the rules on third reading of Bill C-80, and I propose to take part and to deal with the arguments that the honourable senator has put forward —

Senator Frith: What about answering the question?

Senator Murray: —in the course of the oral Question Period tonight.

Senator Frith: The question being asked is not, "Are you looking forward to the debate?" which relates to the answer that was given. I might ask that question sometime: "Dear Senator Murray, are you looking forward to the debate?" Then you could stand and give that answer, and it would look like an answer to the question being asked. The question being asked is: Why did you not tell us the truth when you gave us the undertakings that you gave?

Senator Murray: Honourable senators, the Leader of the Opposition should not really leave all his fight in the gym. He should save some of this synthetic indignation for the debate on third reading.

Senator Frith: Again, is that the answer to the question? The answer to the question is, first: I am looking forward to the debate—nothing to do with the question at all. The next answer is a comment about what I should do, not an answer to the question. Therefore we will not have an answer to the question. I can understand why, because it would be so embarrassing to face the question instead of smirkingly avoiding answering the question.

Senator Murray: Honourable senators, there are 14 other Liberal senators present.

Senator Frith: So that is the answer, that there are 14 other senators.

Senator Murray: I should hope that the Leader of the Opposition will give some of his colleagues an opportunity to ask a question.

Senator Frith: Honourable senators, let's make sure that the record is correct. The record will show that the answer to the question is that there are 14 other senators. The question is a clear question, phrased in three different ways. The answer, as given by the Leader of the Government in the Senate, who is here to answer questions during Question Period is, first, I am looking forward to the debate—some answer that is—second, that I should behave in some way and, thirdly, that there are 14 other senators. That is the kind of answer we get from the Leader of the Government in the Senate. Why does he waste his time by making these silly assertions, these bland assurances and blandishments when he has no intention of fulfilling them or answering questions about them?

• (2020)

Hon. Peter Bosa: Honourable senators, since the Leader of the Government in the Senate was not present at the committee hearings, he may not be aware of a suggestion that I made which would have accommodated the concerns expressed by government members on the committee. We could not have extended hearings because we are in the midst of a referendum debate, and we should be out on the hustings trying to promote a "yes" vote, which is a very legitimate concern.

The officials of the department stated that they needed to send out publicity advertising this new program on November 2. I moved an amendment to the motion that was put at that time to postpone the hearings from Thursday to October 27, the day after the referendum. That would have given us an opportunity to call the other witnesses who wanted to appear before the committee. It would have accommodated the government agenda and also the aspirations of the opposition.

Will the Leader of the Government in the Senate give us a commitment that he will consider that suggestion? There is still time to change the closure motion that was moved in committee. Will the leader consider that?

Senator Murray: Honourable senators, the committee is master of its own deliberations. I am not about to substitute my judgment for theirs on a matter of this nature. If the honourable senator has a quarrel with the way in which the committee reached its decision, this is a matter that he can properly raise in the course of the debate on third reading, and at that time he is free, as are other senators, to move amendments, if they so wish.

Senator Frith: Honourable senators, since the committee is the master of its own proceedings, according to the leader, perhaps we should question the acting chairman of the committee. As reported at page 2158 of the *Debates of the Senate* on Tuesday, September 29, Senator Kinsella, the Acting Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, stated:

> We hope to proceed with our work in an expeditious manner, but still allow ample time for the witnesses to prepare.

We heard less than 12 hours of testimony from members of the public. Is this the ample time to which he was referring?

We provided a list of 33 potential witnesses. Why were 13 of those groups not even called to see if they were interested in appearing?

I hope that we will receive an answer to that question.

Hon. Noel A. Kinsella: Honourable senators, first and foremost, the role in which I served was acting chairman of the committee. Rather than commence hearings the day after the committee received a reference from the Senate, we waited

until the following Wednesday before we commenced our hearings.

Colleagues on both sides who were members of the committee suggested names of potential witnesses. We had a list of 31 names, and the clerk commenced calling the names that were on that list. He was successful in reaching 18 of the 31, two of whom did not wish to appear.

It seems to me that, in this way, a few days were provided in which those potential witnesses were able to prepare to appear before the committee. However, rather than the committee commencing its examination of the bill on the next day or the day after receiviving its reference, we proceeded on the following Wednesday.

In terms of what then happened on the Wednesday, that is all recorded in the proceedings of the committee, and was a very open process. The questions at that time were: What new witnesses would the committee call, and under what time frame would the committee operate? That is all recorded in the proceedings and was not a decision of the steering committee but of the whole committee.

Senator Frith: The acting chairman of the committee will remember that the Deputy Leader of the Government wanted the bill sent to committee by Friday so that the committee would have plenty of time to hold hearings. He will remember that the Senate did not send the bill to committee on Friday, but on that very day, Tuesday, and still the government members would allow only one and a half days of hearings for the public.

Why was that?

I take it the chairman of the committee is saying that nobody spoke to him about getting it through at all. All of a sudden some motion came forward from one of the senators to, in effect, put closure on the hearing of witnesses.

Senator Kinsella: Honourable senators, it was before the weekend that the bill was referred to the committee so it could commence its hearings. We did not commence our hearings the day after we received the reference from the house. We waited a few days into the following week. Indeed, it was Wednesday. That was the time frame, and it allowed witnesses from out of town to appear before us.

As to other witnesses, we had published the agenda that was adopted, which contained the nine, as the Leader of the Opposition counts them. They did appear. The question then was what other witnesses would be called. The whole committee addressed that question, not the steering committee. It was the decision of the committee.

Senator Frith: You say it was the whole of the committee. I take it you mean a vote by the government members of the committee.

Senator Kinsella: Honourable senators, some —

[Senator Kinsella.]

Senator Frith: Are you suggesting that the Liberal senators supported cutting off the witnesses?

Senator Kinsella: I merely refer all honourable senators to the proceedings of the committee. All decisions that were taken in the committee are recorded there.

Senator Frith: I cannot ask the members of the committee questions in Question Period, but I can ask you. I am asking you in your position as the chairman of the committee. I am asking you about the conduct of your committee. What was the basis for the decision to cut off hearing witnesses that the committee knew wanted to be heard?

Senator Kinsella: Honourable senators, as I said, the list was presented, and we were able to arrange for a number of them to appear for the two days of hearings. The question as to what other witnesses would be called was a decision to be taken by the members of the committee. The Chair did not exercise that judgment.

Senator Frith: I am asking you what reason was given for cutting off those other witnesses. That is the question I have asked you three times. I think you perhaps have a good chance of becoming Senate Leader, because you have learned very well from your leader about answering questions, and that is not to answer them at all. The question is: What reason was given in the committee for cutting off approximately two-thirds of the witnesses from the public who wanted to be heard? What reason was given in the committee for doing that?

Senator Kinsella: Honourable senators, the reasons which motivated the committee, and the reasons as articulated, are those which are recorded in the proceedings of the committee.

Senator Frith: Why can't you tell me, then?

Senator Kinsella: Honourable senators, I suggest you get a copy. It is available to all honourable senators. I could read the proceedings, but the reasons that were given are those which were articulated and that were —

Senator Frith: The answer is that you are not going to answer. That's what I thought.

Senator Kinsella: And that were recorded. I am not a bad psychologist, but —

Senator Frith: Did you not hear what the reasons were?

Senator Kinsella: —I do not presume to know what people's reasons were other than the reasons they articulated. All the reasons that were articulated were recorded by the scribes and are contained in the proceedings.

Senator Frith: Can't you tell us what they were? Is there some reason that your mouth is stopped up, that you cannot tell us what those reasons were? We can ask you questions in the Senate about that, and I am asking you, as chairman, what the reasons were, because this deals with a decision made by your committee. In my opinion, you are responsible for an

explanation to the Senate at large as to why that decision was made. Otherwise, there is no reason in the rules for the chairman of a committee to be subject to questioning. I am asking you the question, but I take it the answer is that I have to read it. You are not going to tell the Senate. You are telling all the senators to go read it. As chairman, you are not accepting the responsibility of telling the Senate why that happened. The answer is no answer, as with your colleague.

Senator Kinsella: As chairman of this committee, this particular chairman made every effort to be open with all honourable members of the committee.

Senator Frith: That's not what I asked you.

Senator Kinsella: Honourable senators, if the questioner is allowed to make a preambular comment in phrasing the question, surely the senator responding to the question is allowed to put it into context.

Senator Frith: But you are not going to answer. You are not going to tell us why.

Senator Kinsella: Honourable senators, the reasons for all decisions taken by members of the Standing Senate Committee on Social Affairs, Science and Technology with regard to this matter are contained in Issue No. 21, the issue that deals with the proceedings for Wednesday, October 7, 1992, and, in particular, I refer you to pages 52 and page 53. It is there in black and white. Everything that was said was recorded. In answering, I simply say that the answer is the answer that is provided therein.

Senator Frith: So there is no real point in the rule that provides for questions being asked of a committee chairman, because the chairman simply stands up and says, "Read the report. I am not going to answer your question." That is what this chairman has refused to do now four times.

TIMING OF HEARINGS—AVAILABILITY OF WITNESSES

Hon. Royce Frith (Leader of the Opposition): In answer to a statement that the committee was unable to find a single individual or group which would speak in favour of the legislation, and that the government chose after only 12 hours of testimony from the public to muzzle anyone and everyone who had anything to say, someone from Senator Murray's office said that the committee could have called more witnesses if it had started its hearings earlier in the week.

That is interesting in view of the fact that the bill was sent to the committee on the Tuesday, and the chairman himself said he wanted to take that time. But the public is told that the Liberals did not want to start until Wednesday. That is not true.

That spokesman denied that the government could not find any witnesses to speak in favour of the legislation, and named one she said had done so. There was one. I hope it wasn't poor Adele again that had to be the one person in favour of it. Do we have to read the report, or would the chairman tell us who that one witness supporting the government was?

No answer? Let it be noted that the chairman shakes his head. The rules provide he can be asked questions, but he won't answer.

CANVASSING OF WITNESSES

Hon. Jacques Hébert: I will try to ask a simpler question of the chairman of the committee. Why is it that you did not order the clerk to make phone calls to these 31, 32 or 33 witnesses that we thought should be heard? Why is it that only a few were called and not all of them?

• (2040)

Hon. Noel A. Kinsella: Honourable senators, the clerk of the committee started at the top of the list, or wherever, and began to call all of the witnesses. There is no doubt that when making a phone call, you do not always get the person you are calling. There were those kinds of problems.

Let us be perfectly clear, honourable senators. The agenda for the first two days of hearings was packed full. We had a good number of witnesses.

Senator Frith: We are asking about the other ones.

Senator Kinsella: The committee then took a decision. It was not a decision taken by the chairman. The committee took a decision and it is recorded in the proceedings of the committee.

Senator Frith: You wash your hands like Pontius Pilate. "Nothing to do with me; the committee did it all."

Senator Hébert: I wish to ask another question of the chairman of the committee. Senators opposite are giving the impression that, for some reason or other, it was Liberal senators who delayed the process starting last Wednesday.

Does the acting chairman of the committee remember that I asked the same question of the nine witnesses who appeared before the committee? I asked each how long they had to prepare their briefs. Am I right in saying that the answer given in each case was approximately 48 hours, or something of that sort? Do you think it is right to ask witnesses, who have boards to assemble before they take a decision on a brief, to do so as quickly as that? When some of these witnesses said that they could not come, was the reason for their refusal the fact that they could not produce a brief in 48 hours?

Senator Kinsella: I think the answer to the question is yes.

Senator Frith: Senator, this is your last chance to state for the record that you are ashamed of what the committee did, and I bet you are.

NON-APPEARANCE BEFORE COMMITTEE OF MINISTER OF NATIONAL HEALTH AND WELFARE

Hon. Lorne M. Bonnell: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. Why is it that the Minister of National Health and Welfare refused to appear before the committee to explain the bill?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not aware that that is the case. I should point out that the Minister of National Health and Welfare was not the sponsor of the bill in the other place.

Senator Bonnell: Honourable senators, since the Minister of Finance was the sponsor of the bill in the other place, does that mean that the Government of Canada, the Mulroney government, now has the Minister of Finance dictating social policy in this country, rather than the Minister of National Health and Welfare?

Senator Murray: No, honourable senators.

Senator Frith: To which read, "Yes."

CONSULTATION WITH PROVINCES ON LEGISLATION

Hon. Lorne M. Bonnell: My next question, honourable senators, is directed to the chairman of the committee. The chairman of the committee being a senator who is presumably conversant with the *Rules of the Senate* and aware of the fact that, with respect to legislation that touches on the jurisdiction of the provinces, the provinces should be notified and asked if they wish to appear or to write a letter stating whether they are for or against such legislation, did the chairman contact all of the provinces and ask for their views on this bill?

Hon. Noel A. Kinsella: Honourable senators, the answer to that question is no, the chairman did not do that.

Senator Bonnell: Did the chairman ask that question of any province?

Senator Kinsella: The answer to that question, honourable senators, is also no.

The chairman of the committee also hastens to underscore, once again, that he is there as the servant of all honourable members of the committee, and that it was the committee which took the decision.

Senator Frith: Senator Pontius Pilate.

Senator Bonnell: Honourable senators, as I understand this particular case, Appendix I of the *Rules of the Senate* state that that is the way in which such a matter is to be handled. The chairman of the committee cannot blame his non-performance on the poor clerk. The clerk is doing the job that he is told to do by the chairman. The chairman should follow the rules and automatically contact the provinces when dealing with legislation that touches upon their jurisdiction.

MAINTENANCE OF LEVEL OF PROVINCIAL WELFARE PAYMENTS

Hon. Lorne M. Bonnell: Honourable senators, I should like to ask another question of the Leader of the Government in the Senate. Since this bill will provide money to certain members of the public on a monthly basis—and I am not referring to the family allowance, which will be killed on January 1 under this legislation—has there been any agreement reached with the provinces that they will not use these new monthly payments as an excuse to cut back on social assistance payments that they deliver to people who are on welfare?

Hon. Lowell Murray (Leader of the Government): Honourable senators, that is another point the honourable senator might wish to raise or elaborate upon in the course of the third reading debate.

Senator Bonnell: I am asking the question now. I will certainly elaborate when the time comes. However, I do not want to elaborate on something to which I do not have the proper answer.

What I want to know is this: Have the provinces agreed that they will not treat as income this increase of under $4 that will be paid to poor people on social assistance, and thereby cut back on their social assistance payments to those in need, namely, the one-parent families and those living in poverty?

Senator Frith: Give him some facts to help in the debate to which you eagerly look forward.

Senator Murray: Honourable senators, I am not aware that any of the provinces have made any commitments with regard to the passage of this legislation, or to what their future policies or programs might be. I would be rather surprised if they had. They never do.

Senator Bonnell: Let me ask another question of the Leader of the Government in the Senate: Did any member of the cabinet of Prime Minister Mulroney, including either the Minister of Finance or the Minister of National Health and Welfare, ever think about those poor people on welfare, the one-parent families, and ask the provinces not to tax back that money as income, as it relates to social assistance? Did they ask for any such agreement?

Senator Murray: Honourable senators, it is greatly to be regretted that my friends opposite chose to stomp out of the committee rather than stay and put those questions to Minister McDermid, who appeared as a witness before that committee.

Senator Frith: Stomp out of the same charade you are performing here today.

Senator Bonnell: Honourable senators, I have great respect for the Leader of the Government in the Senate. He is generally a pretty fine chap, except when he does not answer questions quite correctly.

The minister who came before the committee was the Minister of State for Finance and Privatization. He has nothing to do with social services. He probably never collected welfare in his life, and probably does not know anything about it. Yet, the government sent him to the committee to answer questions on health and welfare.

Senator Frith: After cutting off all the other witnesses.

Senator Bonnell: What respect does the minister expect such a committee to have for a government that sends a minister responsible for privatization to discuss health and welfare issues in Canada?

Senator Murray: Honourable senators, the comments of my friend might be more valid had he stayed and tried to find out what the minister knew. The Minister of State for Finance is an experienced minister and an experienced parliamentarian. I need say no more about that.

I can well recall, as can a number of honourable senators, I am sure, seeing important bills from the Department of Finance coming over here, but never seeing a minister. In the old days, we were lucky to see a Parliamentary Secretary.

Senator Bonnell: The opposition we had in those days was so weak that they did not ask for it. Do not blame that on the government of the day. However, in this particular case the opposition asked for the Minister of National Health and Welfare and the Minister of Finance to appear. Instead, we got the Minister of State for Finance and Privatization, who knew absolutely nothing about the issue.

Senator Frith: After they cut off all the other witnesses.

Senator Bonnell: Honourable senators, I could ask a dozen questions, but I will leave it for debate later.

The Hon. the Acting Speaker: Honourable senators, I remind honourable senators that, some time ago, the 30 minutes allotted for Question Period expired.

Senator Frith: A waste of time, at any rate. These people do not want to answer questions.

DELAYED ANSWERS TO ORAL QUESTIONS

Senator Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have answers to questions raised on September 22 by Senator Bosa regarding the use of downpayment reductions for first-time home buyers, on September 24 by Senator Stewart regarding the cost and means of financing the referendum, and by Senator Molgat requesting a copy of a Treasury Board memo on the referendum question, on September 29 by Senator Stollery for a breakdown of the expenditures of the Special Joint Committee, and on September 30 by Senator Molgat on the method of reporting the vote of the referendum and its effect on western Canada.

CANADA MORTGAGE AND HOUSING CORPORATION

DOWNPAYMENT REDUCTIONS FOR FIRST-TIME BUYERS—USE OF RRSP FUNDS FOR DOWNPAYMENTS—STATUS OF PROGRAMS

(*Response to question raised by Hon. Peter Bosa on September 22, 1992*)

The two year CMHC initiative was announced February 3, 1992. As of September 25, 1992, 48,092 housing units have been approved with the 5 per cent downpayment under the First Home Loan Insurance Initiative. This represents some $4.3 billion worth of insured loans.

A survey conducted by CMHC in June 1992 indicated that 73 per cent of those surveyed would not have been able to purchase a home if it had not been for the First Home Loan Insurance Initiative.

Households who have taken advantage of this initiative have a total debt loan (housing debt: 24%, total debt 32%) that is virtually the same as for CMHC clients with higher downpayments).

The Home Buyers' Plan was announced by the Minister of Finance in his February 25, 1992 budget. Under this program almost 46,000 applications were received by the end of June for withdrawls of RRSPs to buy or build a home.

The two initiatives together have had a positive impact on residential investment.

New construction grew 4.4% in the second quarter as housing starts increased to 167,000 units from 153,000 units. In September, housing starts rose 15.2 % to 174,000. The sale of existing homes rose about 10% in July. Preliminary data for August indicate that sales for the two months were on average 2.9% above the second quarter level of 332,000 units. The sales of existing housing are expected to rise by more than 5% both in 1992 and 1993.

THE CONSTITUTION

COST AND MEANS OF FINANCING REFERENDUM

(*Response to question raised by Hon. John B. Stewart on September 24, 1992*)

The Chief Electoral Officer has estimated the cost of the referendum to be about $120 million.

Parliament has appropriated the necessary expenditures by virtue of section 33 of the *Referendum Act* which states that the costs of the Chief Electoral Officer shall be paid out of the Consolidated Revenue Fund.

The amount which is actually spent will appear as an information item in Supplementary Estimates, in this case likely those to be tabled in March of 1993.

REFERENDUM—METHOD OF REPORTING VOTE—EFFECT OF WESTERN PREVIEW

(*Response to question raised by Hon. Gildas L. Molgat on September 30, 1992*)

The Chief Electoral Officer, Mr. Jean-Pierre Kingsley, has now made regulations which will prohibit publication of the results of the Quebec referendum in the west before the polls are closed.

These regulations will resolve the anomaly caused by the operation of both the Quebec and the federal referenda laws at the same time.

BUDGET OF SPECIAL JOINT COMMITTEE—BREAKDOWN OF EXPENDITURES

(Response to question raised by Hon. Peter A. Stollery on September 29, 1992)

Following is a breakdown of expenditures incurred during the five constitutional conferences held in Halifax, Calgary, Montreal, Toronto, and Ottawa, each weekend from January 16 to February 16:

Direct Institute costs	$ Ks	$ Ms
Atlantic Provinces Economic Council	285	
C.D. Howe & Institute for Research on Public Policy	200	
Canada West Foundation	315	
The Niagara Institute	760	
Sub Total	1 560	
Fifth Conference (the Institute and the Federal Government)	300	1.860
Participant costs (travel, accommodation, expenses, conference material. Average cost per participant—$2,000)		2.0
Host broadcast function and other, Media support costs (includes 1-800 number, advertising, media facilities)		1.8
On-site costs (facilities, translators, interpreters, administrative support, security)		1.0
Secretariat and other costs (salaries, computer systems, professional services)		2.3
Total		$8.960 M

Budget items under major headings are provided as examples and are not exhaustive.

REFERENDUM QUESTION—REQUEST FOR COPY OF TREASURY BOARD MEMO

(Response to question raised by Hon. Gildas L. Molgat on September 24, 1992)

Following is a letter sent to the Public Service Alliance of Canada from the Secretary of the Treasury Board, Mr. I. D. Clark:

September 17, 1992

The upcoming federal and provincial referendums on the constitutional accord have raised questions about the participation of Public Service employees in referendum-related activities. The purpose of this letter is to offer some advice that you may find helpful in providing guidance to employees in your organization.

The *Referendum Act* makes it clear that the political activities section of the *Public Service Employment Act* shall not restrict the right of an employee to participate fully in a referendum.

In respect of the day-to-day responsibilities of public servants, there is a distinction between an election and the forthcoming referendums. Public servants remain responsible in carrying out their duties to provide the same kind of non-partisan support to the government with regard to the constitutional accord as they would in respect of any other policy of the government. As with any government policy, public servants should, in the course of their official responsibilities, avoid public speculation and expression of personal opinions.

With respect to activities outside their employment, public servants should ensure that any public involvement or statements about the referendums do not impair their ability to carry out their duties. As the Supreme Court pointed out in the *Fraser* case, there must be a balance between the right of public servants to speak publicly and their duty to fulfil their functions as employees of the government. In making any decisions about personal involvement in activities related to the referendums, employees must carefully consider their responsibilities and duties in the Public Service. They must determine whether their ability to perform these would be—or would be seen to be—impaired by such involvement.

It should also be noted that any personal involvement by Public Service employees in referendum activities must take place only during non-working hours and outside the place of employment.

Concerning the granting of leave to employees who wish to attend meetings and participate in a referendum campaign, collective agreements contain clauses dealing with leave with and without pay for "other reasons". Where leave is granted to any employee under the "other reasons" provisions for the purposes stated above, it should be leave without pay.

I encourage you to communicate with your employees on this matter. A copy of this letter in the other official language is attached.

Yours sincerely,

I. D. Clark

The Senate adjourned until tomorrow at 2 p.m

THE SENATE

Wednesday, October 14, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the present government—we now know accurately described by Senator Murray as cowardly and contemptuous of democracy—is already 13 days into that cowardly and contemptuous mode, that being the difference between 39 days and 52 days.

THE ECONOMY

FINANCIAL CREDIBILITY OF GOVERNMENT

Hon. Jack Austin: Honourable senators, I should like to bring to the attention of the house some current events affecting the financial credibility of the Government of Canada.

As some honourable senators may know, according to the Dow Jones wire this morning, Standard & Poor's has downgraded its ratings on the Government of Canada's senior long-term foreign currency debt and on the foreign currency debt ratings of three sovereign-guaranteed issuers: Export Development Corporation, Federal Business Development Bank and Farm Credit Corporation and the government-guaranteed debt issues of Petro-Canada Limited. The downgrading is from Triple-A to Double-A-Plus.

In the Standard & Poor's evaluation of the Government of Canada's financial situation, I should like to quote from the Dow Jones wire, which states:

> The downgrades reflect the progressive deterioration in Canada's current account deficit in recent years, a consequent sharp increase in its already sizable external debt burden and the prospect of only a moderate improvement in the balance of payments in the medium term. A key contributing factor is the high level of total government debt, which slows the pace of external adjustment.

I will go on with some background information. Standard & Poor's stated:

> Canada's current account deficit reached $25.5 billion or 4.3 per cent of gross domestic product (GDP) in 1991, up from 3.8 per cent in 1990 and an average of less than 2 per cent in 1985-1988. The deficit has widened despite a modest economic upturn and stands in sharp contrast with improving external accounts typical at this stage in past cycles. As a result, net external debt is projected to rise to the equivalent of 148 per cent of exports this year from an average of about 100 per cent during the second half of the 1980s —considerably higher than any Triple-A-rated sovereign issuer. The overall foreign net liability position is even larger, at a projected 166 per cent of exports in 1992, with the falling share of equity investment in the total a further constraint on balance of payments flexibility.

I should like to continue with an additional statement from Standard and Poor's:

> To a significant degree, the growth of the foreign debt burden is being driven by total government sector borrowing. Total net government debt doubled over the past decade to 50 per cent of GDP, while net public sector external debt has risen from 30 per cent of exports to 80 per cent.

The Hon. the Speaker: I wish to advise the honourable senator that, pursuant to the rules, his time of three minutes has expired, but perhaps senators would allow the honourable senator to finish.

Hon. Senators: Agreed.

Senator Austin: In the Dow Jones wire there is an additional comment, which is:

> Canadian Finance Minister Don Mazankowski said he was disappointed with the downgrading of Canada's foreign currency debt by Standard & Poor's Corporation.

Honourable senators, clearly Canada's creditworthiness has been in a continuing decline for some period of time—actually almost four years. The government has been on a stay-the-course policy, to quote our government leader here who likes the phrase "stay the course" and has used it in answering questions from me in the past in this area.

Senator Frith: Answering? Responding. I am sure that he did not really answer.

Senator Austin: Perhaps responding rather than answering.

I would ask Senator Murray—and perhaps he can take this as background for Question Period, so I do not need to go over it again—to tell us whether the Government of Canada is planning any stimulative measures with respect to the Canadian economic infrastructure.

THE ECONOMY

POVERTY IN CANADA

Hon. M. Lorne Bonnell: Honourable senators, since today is to be a very important day in the history of Canada when the senior citizen senators of this country take the food out of the mouths of little children by doing away with the universal family allowance program, I thought it might be a good day to inform honourable senators of how many people are poor in Canada today.

Poverty is much more widespread in Canada than most people realize. More than 3.821 million Canadians, or about one in seven, were living below the poverty line in 1990, and the number of poor Canadians has grown by 334,000 since 1989. These numbers underestimate the number of poor Canadians because they do not include native people on reserves, residents of the Yukon, the Northwest Territories, and people who live in homes for the aged or other institutions.

The current poverty rate is 14.6 per cent. In other words, 14.6 per cent of all Canadians are poor.

We all face some risk of poverty. Poverty is often brought on unexpectedly because of the death or disability of the family breadwinner, loss of employment, family breakup, or increased costs because of a major illness or mishap in the family. However, members of some groups in our society face a greater risk of poverty than others because of discrimination, unequal opportunities, lack of recognition for the work they do, paid or unpaid, higher living costs, and inadequate income support for people who are unable to work or to find paid work.

Some families are more likely to be poor than others. Young families, where the head of the family is under 25 years of age, and female single-parent families are at increasing risk of being poor. In 1990, 38.4 per cent of all young families were poor—up from 28 per cent in 1989; 60.6 per cent of all female single-parent families, where the mother was under 65 and the children under 18, were poor, up from 52.9 per cent in 1989.

Women's continued dependence on men for their financial well-being is reflected in poverty statistics. For example, more than a third, or 39.3 per cent, of all unattached women live in poverty, while 28 per cent of unattached men are poor. Among single-parent families, 47 per cent of those headed by mothers are poor, while 18.8 percent of those headed by fathers live in poverty.

The Hon. the Speaker: Honourable senators, I must interrupt Senator Bonnell unless there is unanimous agreement.

Some Hon. Senators: Agreed.

[Senator Austin.]

Some Hon. Senators: No.

ROUTINE PROCEEDINGS

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

REPORT OF COMMITTEE

Hon. Daniel Hays: Honourable senators, I have the honour to present the Seventh Report of the Standing Senate Committee on Energy, the Environment and Natural Resources.

WEDNESDAY, October 14, 1992

The Standing Senate Committee on Energy, the Environment and Natural Resources has the honour to present its

SEVENTH REPORT

Your Committee, which was authorized by the Senate on Friday, February 28, 1992, to study and report upon the policy options available to the government to achieve the objective of containing emissions associated with energy production and use in Canada with a view to improving the environment and to make recommendations thereon, respectfully requests that the date of presenting its final report be extended from November 30, 1992 to no later than 12th February 1993.

Respectfully submitted,

DANIEL HAYS
Chairman

The Hon. the Speaker: When shall this report be taken into consideration?

On motion of Senator Hays, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

● (1410)

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Dan Hays, with leave of the Senate and notwithstanding rule 59(1)(a), moved:

That the Standing Senate Committee on Energy, the Environment and Natural Resources have power to sit at four thirty o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

Motion agreed to.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 508 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Surrey, Campbell River, Aldergrove, Richmond, White Rock and Squamish.

Honourable senators, I have the honour to present petitions signed by 360 citizens of Nova Scotia who oppose the goods and services tax.

These petitions come mainly from Bras d'Or, Georges River, Cape Breton, Ingonish Beach, Florence, North Sydney and Alder Point.

Finally, honourable senators, I have the honour to present petitions signed by 500 citizens of Quebec who oppose the goods and services tax.

These petitions come mainly from St-Dominique, St-Hyacinthe, Wickham, Belœil, La Présentation, Montreal, Alma, St-François-de-Sales, Chicoutimi, St-André, Drummondville, Île Perrot and Plessisville.

These petitions (as Senator Murray will be delighted to know, won't he!) were signed in late July 1992, less than three months ago.

The grand total for today is 1,368 signatures from Canadians who continue to energetically oppose a tax that afflicts the less fortunate without bothering the rich—a typically Conservative tax!

QUESTION PERIOD

[*English*]

BUSINESS OF THE SENATE

QUESTION PERIOD—REQUEST FOR CHANGE IN DESIGNATION TO QUESTION AND ANSWER PERIOD

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have but one question for the Leader of the Government in the Senate today. Is there any chance that the heading "Question Period" under "Daily Routine of Business" could be changed to "Question and Answer Period" so that it will not remain simply, as it has been under his administration, a question period?

THE CONSTITUTION

CHARLOTTETOWN ACCORD—DRAFT LEGAL TEXTS—AVAILABILITY OF FRENCH TEXT

Hon. Philippe Deane Gigantès: Honourable senators, I should like to ask the Leader of the Government in the Senate when I may have a draft legal text of the Charlottetown agreement in French. What I have in my hand was distributed to my office. It is in English only. I am a senator from Quebec and entitled to have a text in French. When I have to defend the Charlottetown accord, as I do, and when I am asked questions about this text, I want to be able to quote the words in French.

Surely, it was possible to supply me with a copy of the text in French. If it was possible to give Mr. Parizeau a copy in French, which he was given before the debate, why is it not possible to give it to federal legislators?

[*Translation*]

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I tabled the legal texts in both official languages yesterday evening. I hope that both versions are available to the honourable senator. In any case, I will make sure they are soon.

[*English*]

CHARLOTTETOWN CONSENSUS REPORT—TITLE OF FINAL TEXT

Hon. Lorne M. Bonnell: Honourable senators, I notice in the *Quorum* that, according to the *Globe and Mail,* our beloved Prime Minister went down Charlottetown, the cradle of Confederation, the place where that agreement, that accord, that whatever it is, was agreed upon.

First, I should like to ask the Leader of the Government to tell me what it is called. I do not want to call it an "agreement" if in fact it is an "accord". I do not want to call it an "accord" if in fact it is only an "agreement". Therefore, would the Leader of the Government in the Senate verify that point for me?

I see that in the legal text, which was finally supplied to us yesterday, the word "accord" is used. Until yesterday everyone was talking about the "Charlottetown agreement". I know that the Premier of Prince Edward Island would like to have it called the "Charlottetown accord". I should like to know from the Leader of the Government what to call that "talk" they had down in Charlottetown.

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, if the Premier of Prince Edward Island would like to have it called the "Charlottetown accord", then the "Charlottetown accord" it is.

Senator Bonnell: That is settled for all time. Honourable senators have heard it from Senator Murray right here in the Senate.

REFERENDUM DEBATE—ATTACK ON PRIME MINISTER

Hon. Lorne M. Bonnell: My next question is this: Yesterday, while the great Prime Minister was down in Charlottetown promoting the "yes" vote, an irate senior citizen, one who I suppose had had his old age pension clawed back, attacked the Prime Minister. I hope the Prime Minister is not hurt. Is he all right? Is he well?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I can report that, as usual, the Prime Minister is in excellent health and excellent humour. From time to time we have cases of slightly, or more than slightly, deranged people trying, physically, to attack public figures. In the case of the gentleman in question, he wished to manifest his opposition to the fixed link. In that respect at least he has taken a stand, something which my honourable friend has not yet done.

• (1420)

Senator Bonnell: Honourable senators, let me say to you that I have taken many stands but, until I graduated from medicine, I never took a stand on who was deranged and who was not. But now the politicians are saying who is deranged in the province of Prince Edward Island and who is not. Why do you say that the poor senior citizen was deranged just because he wanted to talk to the Prime Minister about the Constitution, or the fixed link, or the fishery loss, or the economy, or whatever his problem was?

Senator Barootes: The potatoes; you left out the potatoes!

Senator Lynch-Staunton: And the missing island on the map.

Senator Bonnell: Let me also ask this of the Leader of the Government in the Senate: Yesterday, also in that great city of Charlottetown, the Prime Minister said that, after they lost the referendum, he would still act as leader of the government and would still run the next election as Prime Minister.

Senator Simard: That is not what he said.

Senator Bonnell: I heard that. You say that he did not say that and that I am misquoting. Maybe I am, but it was reported—

Senator Simard: That is no proof.

Senator Bonnell: Your Honour, can you keep that man quiet over there? He thinks he is at home with the wife.

Senator Hébert: He thinks he is in his own backyard.

Senator Bonnell: Let me put this in perspective as quoted as a fact in the Globe and Mail. If I am wrong, then the *Globe and Mail* is wrong.

Some Hon. Senators: Oh! Oh!

Senator Cools: Senator Doyle is sitting here in the chamber. He knows the *Globe and Mail* is never wrong.

Senator Bonnell: As printed in the *Globe and Mail* on October 14, 1992, when the Prime Minister was asked by a reporter, if he plans to lead the Progressive Conservative Party into the next federal election regardless of the result of the October 26 vote, Mr. Mulroney responded:

> "That has nothing to do with the next election. Lookit, René Lévèsque lost the 1980 referendum and he led his party into the next election . . . I plan to do exactly the same thing."

[Senator Bonnell.]

Senator Frith: He sounds like his government leader in the Senate when he is answering questions. His answer misses the point of the question.

Senator Bonnell: So the Prime Minister said that after the referendum, after admitting he will lose it, "I plan to do exactly the same thing."

Senator Simard: Finish it. You are leaving out part of the quote.

Senator Bonnell: If you want to ask a question afterwards, you can ask your question. In the meantime, I am asking this one. You are curtailing my time here.

> When Mr. Mulroney realized his *faux pas* of admitting defeat in advance for the Yes side in the referendum, he quickly added that he planned to win both votes.

Senator Murray: Then he is in good humour.

Senator Bonnell: Perhaps by that he means that he will win the vote of his party to support him for leadership, and also the vote in the next election. Let me tell you, he will not win in Prince Edward Island.

Senator Simard: What is the question?

Senator Bonnell: The question is: Is the Prime Minister admitting defeat beforehand and confusing the people of Canada?

Senator Cools: Yes, do tell us what goes on in that dark mind of his.

Senator Murray: Honourable senators, all of us continue to believe that the "yes" side will win this referendum and win it in all ten provinces of Canada on October 26. I think my friend will not have long to wait before he begins to see some appreciable turning in the tide.

Senator Gigantés No, no, please, don't go campaigning. Please do not do a Meech on this. Please, I want it to win.

Senator Murray: The honourable senator, as I pointed out earlier, is somewhat ambivalent about the fixed link. I am beginning to believe, from what he said a few moments ago, that he is also somewhat ambivalent about the Charlottetown agreement.

Senator Gigantés: But do not establish a link between you and the Charlottetown agreement, please.

Senator Murray: I hope that the honourable senator can confirm to us that, if not on the fixed link, at least on the Charlottetown agreement he is on the "yes" side.

So far as the Charlottetown agreement is concerned, it is an accord which bears the signatures of the Prime Minister of Canada, ten premiers, two territorial leaders, and four Aboriginal leaders, as well as receiving the approval of the leaders of the major parties in the federal Parliament. I would hope that the honourable senator would take every opportunity to point this out to his friends in Prince Edward Island and elsewhere.

With regard to the first part of the honourable senator's question as to whether the person who tried to physically attack the Prime Minister is deranged, all I can say is that if someone tried to hit the honourable senator over the head with a boom microphone, he too would think that person was deranged.

Senator Bonnell: Honourable senators, the Leader of the Government must have been hit over the head because he is the one who made the decision that the man was deranged. Sure, if I got hit over the head I would think the fellow was deranged. I guess the Prime Minister thought his attacker was deranged, but you said he was deranged.

Senator Gigantès: Who was deranged, the Prime Minister? Let us get this clear. What are the facts?

Senator Hébert: We are confused.

Senator Gigantès: Could you repeat the facts?

Senator Barootes: Why are you asking the missing link to answer that question? He is not a fixed link, he is the missing link.

Senator Gigantès: I would rather have a missing link than have the Leader of the Government linked with the Charlottetown accord. He'll sink it like Meech.

Senator Bonnell: Honourable senators, you are wasting my time. If you have something to say, get up and say it like men, but don't be wasting my time.

I think the Leader of the Government in the Senate believes that, after the next election, I am to be the new Leader of the Government in this place because he is already starting to ask me questions. The only people of whom we can ask questions in this house is the Leader of the Government or the chairman of a committee. I am not a chairman of a committee so he must think I am to be the Leader of the Government over on this side. I do not know where he will be moving to.

Since you want to talk about the fixed link, is it true that the premier of Prince Edward Island was promised the fixed link, and that the premier of New Brunswick was promised a four-lane highway, and that the premier of Newfoundland was promised money for Texaco Oil to start up Hibernia again? Are these all promises made by the Prime Minister to these premiers to support the "yes" side?

Senator Murray: Honourable senators, if my friend will reflect on his question, he will quickly see how offensive that inference is, if not to the Prime Minister of Canada then certainly to the premiers whom he has mentioned.

Senator Bonnell: What is the answer to the question? Never mind the speeches.

Senator Gigantès: That's offensive? What about the old gentleman whom you say was deranged? Or did you say he was deranged?

Senator Murray: I will say to Senator Gigantès what I said to Senator Bonnell: If someone tried to hit you over the head with a boom mike you, too, would think he was deranged.

Senator Gigantès: No one has ever tried to hit me over the head with a boom mike.

THE ECONOMY

FINANCIAL CREDIBILITY OF GOVERNMENT—EFFECT ON POSITION IN WORLD MONEY MARKETS—GOVERNMENT OPTIONS

Hon. Jack Austin: Honourable senators, I should like to return the attention of the Senate to the increasing "derangement" of the Canadian economy. I made a statement earlier to provide a background to my question. However, I will not ask a long question of Senator Murray at this moment. I will simply ask him a question I have raised with him before, namely, what are the government's options in dealing with the deterioration of the current account balance, and in dealing with the international recognition today that, amongst the G-7, Canada's sovereign credit risk is the weakest so far as the money markets of the world are concerned. We are also looking at a decline in capital investment from abroad, which is not assisting in our current account balances.

In our common interest in the good management of the Canadian economy, will Senator Murray tell us what the government's options are at this time? Does one of them include a program of fiscal stimulation as announced by John McDermid, the Minister of State for Finance—or at least as hinted at by him; that is, a $2.5 billion capital works project that includes the provinces?

Hon. Lowell Murray (Leader of the Government): Honourable senators, it seems to me that the course is clear. It is to reinforce our reputation for political stability, which I hope and believe can and will be done on October 26th with the support of some honourable senators opposite, to improve our competitiveness, to continue to get our deficit and debt under better control and, indeed, to reverse the growth in our national debt.

Senator Austin: I think Senator Murray will probably agree with the proposition that the government has done as credible a job as possible with respect to squeezing down the Government of Canada's operating account, and that the Government of Canada has done its best to raise all the taxes that can be raised from the Canadian taxpayer. The Canadian taxpayer is screaming quite loudly at this stage, which is certainly a sign that limits have been reached.

If there are no new savings in expenditures and no room for more taxes, what is the government's choice in terms of making the Canadian economy grow?

Senator Murray: Honourable senators, I referred already —and my friend did not pick up on it—to the constant need to improve our productivity and our competitiveness. Our fiscal and economic policies and our policies in terms of privatization and deregulation, among many others, are all directed to that end.

Senator Austin: Honourable senators, Senator Murray and I are missing one another in this question and answer session.

I took him to be referring to longer-term issues when he talked about improving competitiveness. However, my question really relates to what can be done in the short term time frame, say within the next week, two weeks, four weeks, six weeks or three months. Is there nothing we can do in that time frame with respect to the management of the economy?

Senator Murray has not addressed the specific question I asked, which was with respect to a rumoured $2.5 billion stimulation, something that does not sit well with his own predilections but which the government is apparently considering.

In addition, what would be on the agenda of a first ministers meeting dealing with the economy in early November, a meeting which, I believe, has been announced is to take place?

Senator Murray: Honourable senators, there were three or four questions included in the statement the honourable senator has just made. First, with regard to a first ministers meeting, this has been announced by the Toronto *Star* and the Toronto *Star* only. No one whom I have been able to contact in the Department of Finance, the Office of the Prime Minister or at the Office of Federal-Provincial Relations knows anything about this. No such decision has been taken or is under active consideration at the moment. I think I can safely say that.

With regard to the $2.5 billion capital works program, this again is a media report several weeks old which, in the oral Question Period some time ago, I indicated is not imminent, is not planned. There have been discussions, as I have indicated to several honourable senators, concerning improvement to the highway system. Those discussions have gone very well, but they are not now at a stage where we can say they are concluded, or that an announcement of any kind can be made.

There are also such matters as the fixed link and other infrastructure programs that are under active consideration, but to say that a $2.5 billion or any billion dollar announcement along those lines is imminent, or that decisions have been made, would be quite misleading.

With regard to the decision taken by the Standard & Poor's agency, the honourable senator knows that when a decision is made to change the credit rating, that decision will not be revisited in the short term. However, in fairness, I should point out two things: One is that such a change affects about $8.5 billion of our total external debt which is of the order of $495 billion. Second, the other major rating agency, Moody's, quite recently confirmed our Triple-A rating.

THE CONSTITUTION

REFERENDUM QUESTION—EFFECT OF "YES" VOTE ON ECONOMY—STATEMENT OF PRIME MINISTER—GOVERNMENT RESPONSE

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate. As I move around New Brunswick trying to promote the accord, I find that the people of New Brunswick's lack of faith in politicians is alarming. Politicians are not held in very high esteem by the people of my province.

[Senator Austin.]

● (1440)

When I am asked questions about the accord, I try to explain the accord as best I can. I honestly believe that most of the people in New Brunswick are inclined to support it, but they do ask questions. I was asked a question last weekend, and I will repeat it to the Leader of the Government in the Senate so that he can give me an answer to relate back to those people. As a matter of fact, I am meeting with them tomorrow.

According to the Toronto *Star*, and certainly all of the newspapers in New Brunswick, The Prime Minister is quoted as saying in Winnipeg last week that, if the people vote "yes" to the accord, by the year 2000 the annual income for a family of four will go up to $91,000. In the province of New Brunswick, that is more than double the annual income for a family of four today. People are asking me what those predictions are based upon.

Hon. Lowell Murray (Leader of the Government): Honourable senators, it is not fair to say that the Prime Minister said that a "yes" vote would result in these increases in family income. That is not what he said. I cannot give you the statistics, because I do not have them in front of me, but the point he was making is that this country does have a good economic future, that a "yes" vote would enable us to put behind us a debate that has preoccupied us for too long, and enable us to turn the page and concentrate our energies more fully on realizing the economic promise of this country; whereas a "no" vote would simply add to the uncertainty and ensure a continuation of the uncertainty and political deadlock that has characterized the constitutional debate for too long and has distracted the country from other important priorities such as economic priorities.

Senator Thériault: Honourable senators, I did not expect a clear answer, because I do not think there is a clear answer.

Senator Gigantès: Even if there were, it would not be given in a clear manner.

Senator Thériault: I was unable to find economists who could support the statement made by the Prime Minister. My concern expresses the concern of the people of New Brunswick. When will politicians start telling it as it is?

The Prime Minister went on to say that there would be an increase of $20,000 per family, saying that the national income average for a family of four today is $71,000. That is the figure he quoted. In fact, the information I have indicates that the average income for a family of four in Canada is about $51,000. That is a spread of $40,000 or almost 100 per cent.

Those are the kinds of statements that are being made left, right and centre, and they are causing problems. Fundamentally, the people of Canada believe that the accord is a good

accord. It has been agreed to by the ten premiers, the leaders of the two territories, the native people and the Prime Minister. But why not tell it as it is? I cannot tell people truthfully, because I do not believe it, that a "yes" vote will put an end to the recession. I think it will be helpful.

I hope there is a "yes" vote, but October 27 will be a day like October 25, the day before the referendum. Moreover, I do not believe that a "no" vote will lead to a doomsday scenario. However, if politicians of all stripes respect the fact that the people of Canada are intelligent and know what is going on, the "yes" vote will carry hands down.

POST-REFERENDUM DISCUSSIONS—CONTINUATION OF CONSTITUTIONAL NEGOTIATIONS

Hon. Peter A. Stollery: Honourable senators, I live in downtown Toronto. I must say that, unlike my colleague from New Brunswick, I find an increasing scepticism in Ontario about the "yes" side, to the extent that I wonder if the "yes" side will carry the day. There are many reasons for this scepticism.

We all remember that after Meech Lake there was a doomsday scenario, and the dollar was going to collapse. In fact, however, the day after Meech Lake failed, the dollar actually went up. Those same predictions are being made about October 26 and the terrible catastrophe that will arrive on the 27th. The same things that were said about Meech Lake are now being said more flamboyantly about the 27th. This is leading to scepticism.

My question to the Leader of the Government relates to a newspaper that is now being circulated. It is being circulated at great expense by the "yes" committee. I received one at my house yesterday. It said that one of the reasons for voting "yes" was that the constitutional problems would end and that by voting "yes" we will have dealt with all of this.

How does the Leader of the Government square that with the fact that there are 14 unresolved items in the so-called accord, including residual powers? How will those be dealt with? After October 26, will there not be an ongoing series of constitutional negotiations to deal with the unresolved issues that are laid out clearly in the so-called agreement?

Hon. Lowell Murray (Leader of the Government): Honourable senators, as a result of the Charlottetown accord and the amendments to the Constitution that will follow, there will have been agreement on the roles of the federal government and the federal Parliament, of the provinces, and of the Aboriginal peoples. There will have been agreement on the place of Quebec in Canada. There will have been agreement by Quebec to the Canadian Constitution, which we have not had since the 1982 exercise. A framework will have been established. It is fair to say that the major issues will have been resolved.

Will there be negotiation? Of course there will be negotiation within the framework established and according to the principles that have been laid down on establishing the Aboriginal governments.

• (1450)

There will be negotiation of the federal-provincial agreements in the various areas where that is provided for in the Charlottetown agreement—forests, mines, tourism, recreation, immigration and so forth. We will have placed in the Constitution a provision allowing for federal-provincial agreements in the field of immigration. Those agreements will be negotiated over time according to the needs and priorities of the different provinces. The framework and foundation will be there, and the major issues that have bedeviled us on the constitutional side for some years will be effectively behind us.

Senator Stollery: Honourable senators, I thank the leader for his answer, and it leads me to another question. As I understand the Constitution of 1982, it is the Constitution of 1867 which the Canadas agreed to plus an amending formula and the Charter of Rights and Freedoms. I would have thought it would have been argued that the only part that Quebec disagreed with in 1982 was the Charter and the amending formula, because the Constitution is the same.

In that Constitution, as the Leader of the Government will recognize, are two areas that were so important that Sir John A. Macdonald in 1865 made a very eloquent speech on the sovereignty of states and why the Canadian Constitution differed from the American Constitution. I am sure the leader is aware of that speech. Two of the items to which he referred, the residual powers and the declaratory powers, are mentioned in the Charlottetown agreement. Essentially, they have agreed to do away with the declaratory power, which has been used about 500 times in this century. It has been used primarily to declare something in the federal interest, such as the Cape Breton Development Corporation, in order to assist a region of Canada. That declaratory power will be abolished.

The Charlottetown agreement says that the other important area referred to by Sir John A. MacDonald, the residual powers, will be dealt with afterwards. However, it is listed therein, and it is not something I am just making up. That power is fundamental because, without it, Confederation as we know it will not exist. The declaratory powers and residual powers, as John A. MacDonald pointed out, are the very fabric of the difference between us and the United States. As we all know, our Constitution was written at the end of the U.S. Civil War.

What happens after October 26, when October 27 comes along? The story is being circulated by the "yes" forces that everything will be okay. What about the residual powers which are fundamental to Canada's Constitution, and which are on the list of unresolved issues? How will that issue be resolved? Will the residual powers provoke another constitutional crisis? How does the government intend to deal with that aspect without provoking even more controversy and a sense, possibly, of crisis?

Senator Murray: Honourable senators, I cannot answer that question except to say that the question of residual powers is one, as the honourable senator has indicated, of a list of

matters that have been left for consideration at some uncertain time in the indefinite future.

Senator Stollery: Honourable senators, if these fundamental powers that are of the nature and fibre of the Canadian Constitution, particularly the residual powers, are left on a list to be dealt with at another time, that causes me some concern. What will happen? Say, for example, that the "no" vote wins. There are people who think the "no" side may actually carry the day.

Senator Gigantès: I will hold you responsible.

Senator Stollery: What is the government's program? What happens then? We can all sit around and say, "Of course, the 'yes' vote will win and there is no problem." What happens if they do not win and some provinces vote no, the accord does not proceed and the premiers do not become the new power elite of Canada? Does the government have something ready in that event?

The Hon. the Speaker: Honourable senators, I must advise you that under rule 23(7), the 30 minutes allotted to Question Period has elapsed. It is up to honourable senators to decide whether or not to give unanimous consent for the continuation of Question Period.

Senator Murray: Honourable senators, the question is too hypothetical to answer in the oral Question Period.

Senator Stollery: There is a 50 per cent chance.

Senator Murray: I appreciate the point the honourable senator is making, but this reinforces the argument that there is a very large burden of proof upon those who are advocating the "no" side in this debate. What is their alternative? What will happen if the vote is no?

Senator Stollery: Of course, they are not the government.

Senator Murray: Some of them, such as Mr. Parizeau and Mr. Bouchard, think it is a step on the way to independence for Quebec. Mr. Preston Manning thinks it will result in a moratorium on constitutional matters. I think these people have a lot of explaining to do, and they should be called to account.

Senator Stollery: Honourable senators, I will be brief. I would like to know what the Government of Canada has to say —

The Hon. the Speaker: Honourable senators —

Senator Stollery: —because it is the Government of Canada that is responsible.

The Hon. the Speaker: Order, please. Unless there is unanimous consent, we will have to proceed to the next item.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have answers to questions asked on September 24 by Senators Everett and Stewart regarding the Charlottetown accord, on September 30 by Senator Corbin concerning the Canadian Forces and the demands of peacekeeping, by Senator Frith on the North American Free Trade Agreement and by Senator Molgat on the Charlottetown accord.

[Senator Murray.]

THE CONSTITUTION

CHARLOTTETOWN ACCORD—DEFINITION OF SUPPLY BILL—REFINEMENT OF DEFINITION IN SUBSEQUENT ACCORD — GOVERNMENT POSITION

(*Response to question raised by Hon. Douglas D. Everett and Hon. John B. Stewart on September 24, 1992*)

The draft legal texts make clear that the definition of "supply bills" is to be provided for in the Constitution. Under S. 32(1), supply bills contain only provisions dealing with the following:

"A) the raising of revenues, including the imposition, repeal, remission, alteration and regulation of taxation,

B) the appropriation of public money,

C) charges on the Consolidated Revenue Fund,

D) the Public Debt, including Borrowing Authority,

E) the guarantee of any loan or other debt or obligation, or

F) subordinate matters relating to any of the matters set out in paragraphs (A) to (E),

but does not include a bill that contains provisions that would result in fundamental policy changes to the tax system."

Since the Constitution will make clear that supply bills are to be carefully defined as dealing *only* with the above matters, it will not be possible to "tag" an appropriation item onto an ordinary bill, and thus subject to a 30 day suspensive veto by the Senate.

UNITED NATIONS

PEACEKEEPING OPERATIONS—EFFECT OF DEMANDS ON CANADIAN FORCES

(*Response to question raised by Hon. Eymard G. Corbin on September 30, 1992*)

As stated by the Chief of the Defence Staff on numerous occasions, the Canadian Forces can still cover all missions they have been assigned.

However, because the number of peacekeeping missions has been increasing at the same time that we are rationalizing the numbers of members within the Regular Forces, Canada now has to be selective in the tasks it might undertake with any new commitments, to ensure that it does not jeopardize any existing missions or any other engagements.

Before a commitment is made, the Department of National Defence evaluates each proposed new peacekeeping operation. Operations are assessed on,

among other things, the basis of their requirements for personnel and equipment, and on the expected duration of our commitment. No commitment is made without first considering the impact it will have on other CF operations.

In addition, although the Regular Force component of the CF is being reduced, a corresponding increase in the numbers of the Reserves and their integration into Total Force will ensure that the capability for all CF operations will be maintained. Increasing numbers of Reservists are already taking part or preparing to participate in peacekeeping operations. For example, 189 Reservists will deploy with 3rd Battallion Princess Patricia's Canadian Light Infantry (3 PPCLI) in the next troop rotation to meet our commitment to the United Nations Protection Force (UNPROFOR) in Yugoslavia.

Therefore, resources may be stretched but the Department makes sure it can always fulfill its responsibilities and respect its engagements.

NORTH AMERICAN FREE TRADE AGREEMENT

EFFECT OF FREE TRADE ON EMPLOYMENT—GOVERNMENT POSITION

(*Response to question raised by Hon. Royce Frith on September 30, 1992*)

The Government is not trying to fool anyone. Investment Canada figures cover acquisitions of companies in Canada by foreign investors, and the establishment of new companies by foreign investors. What these figures do not include are loans to existing businesses for working capital, and expansions for existing businesses.

Statistics Canada figures provide a comprehensive picture of foreign investment coming to Canada. The figures show that acquisitions accounted for only 35% of the net inflows of foreign direct investment to Canada from the time of the signing of the Free Trade Agreement to the end of 1991. The bulk of this inward investment, over 65 per cent, was investment for the establishment of new businesses, loans to existing businesses for working capital, and expansions for existing businesses. Acquisitions as a percentage of net foreign investment to Canada has fallen even in the last year. In 1991, acquisitions accounted for less than 25 per cent of the net inflow of foreign direct investment to Canada.

Loans and business expansions are extremely valuable indicators of the confidence foreign investors have in the Canadian economy. They are the type of business decisions that lead to a more vital and efficient Canadian economy, and can help stimulate employment.

Finally, the implication that acquisitions are necessarily bad for the domestic economy should not go unchallenged. Studies undertaken by Investment Canada conclude that foreign direct investment has generated benefits for the Canadian economy, particularly in the form of technology transfers, international management expertise, production know-how and production innovation, and access to international markets.

THE CONSTITUTION

CHARLOTTETOWN ACCORD—INDIAN SELF-GOVERNMENT—PARAMOUNTCY OF INDIAN LAWS—APPLICABILITY OF MÉTIS POPULATION

(*Response to question raised by Hon. Gildas L. Molgat on September 30, 1992*)

In the proposed constitutional amendment on self-government, governments are committed to negotiating self-government agreements with the Aboriginal peoples of Canada—the Indian, Inuit and Métis.

Through these negotiations, the beneficiaries to each particular self-government agreement will be determined in discussions with the Aboriginal peoples directly concerned.

With respect to the Métis Nation, a Métis Nation Accord, which applies to Ontario, the four western provinces, and the Northwest Territories, has been negotiated by the Métis National Council, relevant provinces and the Federal Government, which provides a definition of who is entitled to be "Métis" for the purposes of the Métis Nation. This definition is contained in the Métis Nation Accord, which has been released as part of the constitutional proposals.

The Accord also provides for an enumeration process by which the Métis Nation will be able to clearly identify its constituents. The enumeration process, which will include a right of appeal, will be determined through multilateral negotiations among the parties to the Accord.

ORDERS OF THE DAY

INCOME TAX ACT

CHILDREN'S SPECIAL ALLOWANCES ACT

FAMILY ALLOWANCES ACT

BILL TO AMEND—THIRD READING—DEBATE ADJOURNED

Hon. Mira Spivak moved third reading of Bill C-80, to amend the Income Tax Act, to enact the Children's Special Allowances Act, to amend certain other Acts in consequence thereof and to repeal the Family Allowances Act.

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

Hon. Royce Frith (Leader of the Opposition): Honourable senators, when I spoke to Bill C-80 at second reading, I told of how the legislative history to that date was a tragedy in three acts. Act I was the history of children's benefits in this country. Act II was the story of the government's white paper on children's benefits, a document of 12 entire

pages of strained Conservative thought that underlies the destruction of the 74-year old child benefit program.

● (1500)

That brought us to Act III, which was the story of how the government guided or, rather, misguided—that is, rammed the bill through the other place. That was the end of Part I of the story and the government's contempt for the House of Commons. For Part II, we look at part two of Parliament, namely, the Senate.

To continue the metaphor, Act I of Part II will set the stage for what will happen to Canadian families immediately after this bill passes, and will tell the sad story of how passage of this bill will affect the lives of Canadians.

The second act delves a little deeper into the effect of this bill on Canadians in the longer term.

The third act, the most pitiful of all three acts, is the tale of the contempt which this government holds for the democratic process and for Parliament. It is about the contempt that this government holds for the House of Commons and its members, and for this chamber and its members. Perhaps even more importantly, it is about the contempt the government continues to heap on the people of Canada, who want to participate in the work of their institutions by expressing their views to parliamentary committees.

Let us begin with Act I; what will happen to Canadian families after, and if, this bill passes? What will be the immediate consequences to Canadian families? The first event will occur shortly after November 2. Departmental officials have told us that there will be a mail-out on November 2 informing Canadians of the changes to come into effect. I believe the mail-out will take the form of an insert to be included with the family allowance cheque. It will be similar to a pink slip which will say to mothers and families, "Enjoy this cheque. It will be your last under this very worthy Canadian program."

Although the officials appearing before the committee could not be specific about other advertising plans, they did indicate that they would also be using other measures to get their propaganda across to Canadians. Pierre Fortier, the Director General of Income Security Programs with the Department of Health and Welfare Canada, indicated that the strategy may include advertisements in ethnic newspapers across the country to accommodate newly arrived immigrants.

If the schedule proceeds as planned, some Canadian families will receive the first of the new cheques by January 20, which is the same day that cheques are received under the current family allowance program. Each family will receive a detailed statement of how the government calculated the amount that was sent or not sent, as the case may be.

Therefore, come January, Canadian families will no longer receive the baby bonus cheque of $34 per child each month. It will be replaced with a cheque reflecting one-twelfth of the total amount of benefits to be received over the year. The amount of the cheque will vary according to different circumstances.

[Senator Frith.]

The government likes to call this "Targeting: taking from those who do not need to give to those who do." This pious pseudo-Robin-Hoodism is, as is to be expected from this government, a grotesque lie. The poorest of the poor, namely those on social assistance, will receive not one penny more than they now receive over the course of this year. So there may be some "taking from," but there is no "giving to."

Those slightly better off, namely poor families with a parent who works, will be classified as poor working families and will be eligible to receive up to $500 annually in an earned income supplement. That could potentially add approximately $41 to the monthly total, and I will explain why I say "potentially".

The amount of the benefit will be based on the income recorded on individual income tax returns. The benefit to be received from January 1993 to July 1994 will be based on income reported for 1991. Come July 1993, the benefit will be based on income reported for the 1992 taxation year. Modifications for new additions to the family, or a change in marital status, are expected to be accommodated relatively quickly. According to department officials, those changes reflecting such things as additions to the family should only take about one month.

Modifications for changes in employment will take longer. That is because the benefits are to be paid according to what is reported on income tax forms. If someone becomes unemployed in January 1993, this will not be reflected until April 1994, more than a year later when the income tax returns have to be completed. The benefit, if any, will not change until July 1994 when the government will reassess benefits based on the most recent income tax returns available.

If a moderately well-off family not receiving benefits under this scheme suddenly finds itself on unemployment insurance or social assistance, because of the government's inept economic policies causing the continued loss of jobs, it should not look to the government that caused the problem for assistance for the children. The family will continue to remain ineligible for months on end, even as its economic position deteriorates and children want.

Rod Hagglund from the Department of Health and Welfare Canada assured us that there would be a 1-800 number for confused Canadians to call and ask questions, verify calculations or lodge complaints. That 1-800 number will be of little use or consolation for the family I have described. They will not receive the money, but there may be a place that they can phone for an explanation as to why they are not receiving the money. They will have trouble putting that in the oven and feeding it to their children.

That brings us to the second part, namely, how Canadian families will fare in the future longer-term, and especially how poor children will fare in that term. Parents will notice the effect of this bill in April 1994 when they prepare their 1993

income tax returns. The first thing they will notice is the complete absence of tax deductions for children. They will find no place on their income tax forms, no page, no line, absolutely no place to record the fact that the income they are earning is being used to raise and nurture their children.

Parents may wonder if, indeed, the government cares whether or not they have children. Looking at the income tax form, they would find no evidence that the government does care about the raising of their children. As far as the government is concerned, income tax forms simply are not the place where one takes one's children into account.

In a society that puts the burden of child raising on the family, as our society does and as most societies in the western world do and have done for generations, this stupid government wants to organize its finances in a way that tells parents that child-rearing has no effect on family income or expenditures. This is what will be reflected in the official document that families will receive from that government.

In addition to no deductions for children, parents will have one page less to fill in on the income tax return. They might think it is a bonus to have to fill in fewer pages than before, but, if they get any comfort or pleasure from that, it will be short-lived. There will be one less page because there is no longer a refundable child tax credit. Parents will not have to do the calculations to determine what that credit would be because it will no longer exist. That is small consolation.

Though there will no longer be a child tax credit or deductions for children, however, parents will notice that there is a place on the income tax return to deduct business expenses such as smoked salmon, pasta, martinis and wine at Hy's or Café Henri Burger. They will notice that though there is no place to reflect the responsibility to the children, there is a place on the income tax form to deduct the cost of private booths to watch the Blue Jays, booths that cost hundreds of thousands of dollars. However, there will no longer be a place to deduct the expenses of raising children.

We know where Senator Lynch-Staunton's heart is—not with the children, but with the Blue Jays, wishing he was in one of those expensive boxes this very moment.

Children are to be the continued responsibility of parents, but not with the help from society those parents have come to depend on.

That is not the only change occurring as a result of this bill. There is a fundamental tax policy which is also being abandoned. Senator Forrestall stated this very succinctly in the committee meeting on Wednesday, October 7. He said:

> We are, in fact, changing a very fundamental and basic tenet of tax law and social policy. We are moving away from recognition of the responsibility, if you will, to level this war against child poverty. We are moving away from the principle that people should be taxed in some relationship to their ability to pay.

Senator Forrestall realizes this. Canadians will realize it. They will realize that they are being asked to pay more than their ability to pay. Parents will realize they are paying the same amount in tax as their single friends and neighbours who earn the same income, who have more disposable income, who have fancy cars and bigger houses and take more trips than they do. Now, that is all good solid Conservative policy: good for the government and its prosperous well-nourished-in-every-sense friends, but not good for average Canadians, and certainly not for Canadian families.

Dr. Robert Glossop, Director of Program and Research of the Vanier Institute of the Family, also noted this change when he appeared before the committee. Dr. Glossop pointed out that Canada risks falling behind the United States in respect of family policy. He also pointed out that while neither the U.S. nor Canada will have a program of family allowances, the United States still offers a tax exemption of $2,100 per child per year to parents. Canada will offer zero, a goose egg. The principle of equity between taxpayers with and without dependent children will have been destroyed. The Government of Canada now refuses to recognize, in the words of Dr. Glossop from the Vanier Institute on the Family:

> . . . that the parents of dependent children have less disposable income with which to pay tax precisely because of the investment they make in paying for the food, clothing, shelter and care of the next generation of the nation's citizens.

Dr. Glossop's testimony on the elimination of the income tax deduction for children was devastating for this government's policy. At page 69 of Issue 21, he had this to say:

> With the elimination of taxable family allowances and the non-refundable child tax credit, it would appear that it makes little or no difference to the government whether or not adults spend their money on Florida vacations, fancy cars, or on nurturing the next generation of citizens, the generation upon which all adults and this society will depend ultimately. In fact, if you choose to invest in your own individual future by purchasing RRSPs, there are substantial tax benefits to be realized. However, if you choose to invest in the future of the nation by committing yourself to the next generation, you will soon be on your own.
>
> While there can be no doubt about the need to increase substantially the level of benefits provided to poor children and poor families, the decision to do so by simply reallocating the benefits previously distributed to parents, poor and non-poor, places the burden of fighting childhood poverty squarely on the shoulders of parents, albeit those who are modestly better off. Surely, the responsibility for improving the circumstances, opportunities and life chances of poor children might have been shared by all taxpayers. According to the logic of the new policy, the fastest growing group of citizens in the population—those without dependent children—will not be obliged to contribute to the reduction or elimination of childhood poverty in equal measure to the contribution that will be made by the parents of young children. This is despite the

> fact that it is those income earners without dependent children at home who enjoy the highest incomes and accumulated wealth.

So this is what Canadians will notice when they prepare their income tax returns.

The next major effect that Canadians will eventually notice is that the real value of their benefits will decline because they are only partially indexed. This is the sneak attack. De-indexation is, of course, a hot topic of debate. Almost every witness before the committee discussed de-indexation, and many questions were asked about it. Most of the witnesses, excluding departmental officials and the junior minister who appeared before the committee, argued in favour of full indexation of these benefits.

One of the witnesses, Richard Shillington, an individual who has worked in the social policy sphere for many years, provided us with some statistics concerning de-indexation of benefits in the past. In 1984, the annual family allowance was $359. If the family allowance had maintained its level relative to inflation, it would currently be $503. However, with only partial indexation of the benefit, the actual real value of the family allowance in 1992 is $419. Even if we were to include the increases made to the benefit from 1984 to 1992, they were not enough to keep up with inflation. Thus, the partial indexation of family allowance meant that their real value was almost $100 less than it would have been with full indexation.

When we look at the refundable child tax credit, it was worth a maximum of $367 in 1984. This credit today is worth $601. This has in fact kept up with inflation. However, the income threshold where the child tax credit begins to be reduced was $26,330 in 1984. This income threshold was not indexed to inflation. That is important, because if it had been, it would now be worth $36,862. In fact, the current threshold is $25,000, even less than it was in 1984. It has in fact gone far below the 1984 level. This means that those who make more than $25,921 but less than $36,862 have lost the ability to take full advantage of the refundable child tax credit.

In total, between 1986 and 1991, the federal government withdrew approximately $3.5 billion from the child benefits system. Remember, to understand $1 billion, you could spend $1,000 a day every day without touching your income for 2,000 years, and you would still have $270,000 left over. This is $3.5 billion, so you could spend $3,500 every day for 2,000 years and still have that $270,000 left over. It was achieved primarily through what? The sneak attack: De-indexation. This we can compare to the $2.1 billion that the government says it is going to put into the system with this bill over the next five years. After withdrawing $3.5 billion, they will put in $2.1 billion.

● (1520)

Canada's children and Canada's families would have been far better off today if the government had left well enough alone. As has been said in this chamber before, benign rather than malicious neglect would have been preferable to the

[Senator Frith.]

emphasis this government has placed on Canada's children. Rather than benign neglect we have now malicious action. These children are being used cynically and fraudulently as shock troops in the phoney war the government is losing, as we found out earlier today, against the deficit.

So much for Acts I and II. So much for what will happen to Canadian families soon after the enactment of this bill, if it is enacted, and what will happen in the long run, especially with the sneaky and pernicious effect of de-indexation.

Now we come to Act III of this farce. A good place to raise the curtain would be as Senator Murray was saying:

> I presume that after we have dealt with Bills C-55 and C-80 the Senate will adjourn and the committee will begin its consideration of Bill C-80. Committee members will not have attendance in the Senate chamber to distract them. They will be able to sit morning, noon and night for as long as it takes to deal properly with Bill C-80.

Senator Murray: They chose not to.

Some Hon. Senators: Shame!

Senator Murray: They preferred the adjournment.

Senator Frith: That is not even evasive; it is just plain wrong.

Senator Murray: They chose not to.

Senator Frith: Read the material. Listen to what happened. Listen to your own chairman. That is not what happened.

Senator Murray: They preferred adjournment.

Senator Frith: The Leader of the Government in the Senate is probably actually asking us to believe that the committee made some unanimous decision to do that.

Senator Stanbury: The devil made them do it!

Senator Frith: Of course, he knows that the government members—and you will find out if you will listen—of the committee were obviously told what to do and did it. Just wait and you will see. Just stay tuned.

Senator Murray: I am listening.

Senator Frith: Senator Murray would then be followed by his deputy leader, Senator Lynch-Staunton. What would this new player on the stage say? He would say:

> . . . on a number of occasions we have asked for agreement on having a debate at this stage, which is second reading, in order to send the bill to committee no later than Friday, in order to give the committee plenty of time to hold hearings and —

And at that point I would be interrupting to say:

> What does the government consider is plenty of time? Will it tell us when we are allowed to go to committee?
>
> **Senator Lynch-Staunton:** The government does not determine the committee's schedule.

Not much. Senator Lynch-Staunton goes on to say:

As I was saying, this must be done for the bill to come back in good time in order for the house to study the committee's report and to vote on third reading by the end of this month at the latest.

Senator Hébert: By the end of this month?

Senator Lynch-Staunton: Yes, by the end of this month.

Senator Cools: He confused his times.

Senator LeBlanc: Today is October 14.

Senator Frith: Finally, the acting chairperson of the committee, Senator Noel Kinsella, would join his colleagues on stage to give his own carefully memorized line.

Incidentally, I must say for myself that I blame the government leadership in the Senate for corrupting, in my opinion, the record and reputation of Senators Kinsella and Spivak. Their record and reputation for social caring was abused in order to lend credibility to this mess known as Bill C-80.

Senator Hébert: Exactly. That is a shame.

Senator Frith: Surely the government they could have enjoined somebody else. I blame them partly for allowing themselves to be manipulated and having their fine reputations tarnished in this way.

Senator Hébert: They could have chosen Senator Forrestall.

Senator Frith: Surely, they should have suggested that the government get someone else. There are many on the other side whom they could have chosen on the basis of how they behave in this chamber; of how they respond when they hear petitions; of how they turn a deaf ear; and of how they shout and squirm in anguish whenever they have to hear whatever the people have to say. Why did they not get them to do this job?

Senator Cools: Yes, why not Senator Barootes?

Senator Hébert: Yes, Senator Barootes would have been nice.

Senator Frith: Yes.

Senator Cools: Or Senator Simard.

Senator Frith: Yes, Senator Simard would also have been a good choice. But it is too late. They did not ask us our advice. We could have given them names that would not have involved the tarnishing of those records.

Now we have Senator Kinsella who states—and listen to this wording:

> We shall do a thorough study of the bill.

Yesterday, when he was asked questions about it, he was not talking about "we". He was like Pontius Pilot. He said, "I had nothing to do with it. I find nothing here. I am blameless. It was the committee. I had nothing to do with it." He was using the pronoun "I" yesterday. But when he was trying to persuade us that we should get this bill to committee, did he say "I—that is, providing the committee agrees with me"? Did he say, "I have no responsibility for the committee?" No. He stood as chairman of the committee and said, "We shall do a thorough study of the bill." I repeat, "We shall do a thorough study of this bill." Those are his words. The next sentence reads as follows:

> We hope to proceed with our work in an expeditious manner, but still —

And this was still "we", incidentally:

> . . . but still allow ample time for the witnesses to prepare.

Senator Hébert: To prepare?

Senator Frith: To prepare. Not just to be heard but to prepare. He went on to say:

> Hopefully, we will be assisted in that work by the participation of all honourable senators.

And he was. In fact, we did provide him with names of potential witnesses. Senator Molgat continued after Senator Kinsella spoke for the "we"—that is, the royal or the committee "we". Senator Molgat said:

> I appreciate very much the comments of the chairman of the committee. He shows a very reasonable attitude. I take him at his word that there will be ample time for the witnesses to prepare and to be heard, and that all witnesses who wish to appear will have an opportunity to do so.

Now, please remember that that was Senator Kinsella speaking with the "we", not the "I" that he referred to yesterday, blaming it all on the committee.

Senator Cools: He is a blemished man.

Senator Frith: Senator Kinsella did not dispute what Senator Molgat said. We sent the bill to committee with every expectation that we would be able to take him at his word. We had every expectation that we would have thorough hearings where everyone who wished to appear would have an opportunity to appear.

So there we have it, these three kings—that is, Senators Murray, Lynch-Staunton and Kinsella—exit stage right with the sound of heavy applause, having given us these undertakings on the record clearly and with evident sincerity, expecting us to believe them. And, as you will see from reading the record, we applauded them for that attitude. Well, there we have the three kings.

The kind of comedy we saw in the House of Commons hearings could only be orchestrated by the three stooges, not the three kings. These were the three wise men. They knew the importance of proper committee hearings in our parliamentary system and they promised to deliver, every one of them. And we believed them, not the least of them the chairman of the committee—not the least by any means.

When I spoke to this bill at second reading I read into the record a letter from Barbara Blouin of Tupper Grove, Nova

Scotia. She found her experience with the House of Commons legislative committee, to use her words, "most disheartening", and had come to believe that "the democratic process under the Mulroney government is nothing but a sham, a charade."

● (1530)

I read those words in debate at second reading before the bill went to committee. Senators Murray, Lynch-Staunton and Kinsella heard them. They heard what the experience had been before the House of Commons committee. That was when they gave us the blandishments, "It won't be like that here."

We thought that, in the Senate, Act III would be something very different. We thought that there would be time to do a proper job, particularly since the government's own timetable—not one pressed upon it, but one which it volunteered — did not require Royal Assent on the bill before the end of October. There was a whole month ahead of us, or so we thought.

Senator Kinsella, speaking as the chairman, and on behalf of the committee, asked us to cooperate. We did. We provided to the chairman a list of witnesses who we believed could provide some insight into the government's new policy. There were 33 names on that list. We, of course, assumed that government members would produce a list as well. Their list would include individuals and groups that supported the bill. We knew that it would not be easy to find such people, but surely it would not be impossible.

After all, Senator Murray, you may remember, honourable senators, was able to find two or three individuals who had put their names to a pro-GST petition.

Some Hon. Senators: No!

Senator Frith: It is true that he found them in his own office, but the fact remains that he found them. The ones he produced for the GST were not again conscripted to publicly support this bill. No one that I know of came forward to support Bill C-80. Yesterday I tried to get from the chairman of the committee the name of a rumoured supporter of the bill. The chairman did not refuse to provide it, but just sat and shook his head.

In any event, we thought it was possible that there might be found some witnesses willing to speak in favour of this legislation. We had our own list of 33 who we knew wanted to speak to it. As it turned out, I do not think there were any individuals or groups who wanted to support it publicly. At that time, however, in our naiveté—it is amazing how often we take these people at their word — we looked forward to hearing from the witnesses who would be found to support the bill.

Public hearings began on Wednesday morning, October 7, one week ago today, with officials from the Departments of National Health and Welfare, Revenue Canada and Finance.

Senator Murray: Eight days after the bill was referred to the committee.

[Senator Frith.]

Senator Frith: At the conclusion of their presentation, the acting chairman noted that a minister—I underline the word "a"—was available to appear before the committee on Friday morning. He then asked in all innocence, "Where do we go from here?"

The Leader of the Government likes to keep interrupting, telling us what happened after we sent the bill to committee three days earlier than we were asked, or even required, to send it. We were encouraged to cooperate with the chairman, and we did. I think Senator Murray should accept that his chairman—and for this I do not blame the chairman—followed a schedule that was a collaborative and cooperative schedule.

Senator Murray: Eight days later.

Senator Frith: There was not any blocking. There was not any foot dragging. Senator Kinsella and our side worked together at that stage.

But returning to the conclusion of the presentation by departmental officials on Wednesday, we have the acting chairman noting that "a" minister was available to appear before the committee on Friday. Picture the scene, honourable senators. We hear from the government officials, and before anything else happens the acting chairman says, "A minister will be available to appear before the committee on Friday morning." He then asks in all innocence, "Where do we go from here?"

Senator Di Nino, not one to miss a cue, immediately chimed in. What was his reply to the question: "Where do we go from here?" Before I provide it, remember where we are, honourable senators. We are starting these hearings that will give witnesses ample time. We have the names of 33 potential witnesses. We hear from the government officials and the chairman says, "Where do we go from here?" It seems to me it would be a simple question for the chairman to answer himself—we start listening. But then he says, "A minister will be available on Friday." He did not mean a week Friday, or two weeks Friday, not even later in the month Friday. He meant this Friday, three days later.

Into the breach comes Senator Di Nino with a suggestion. "Can we not convince the minister to come tomorrow night?" What about all these witnesses? "What witnesses?" they would say. We just heard from the officials. We will hear from the minister on Friday. That is the "ample time." That is the careful, long consideration contemplated by Senator Kinsella when he spoke on behalf of his committee. The "we" must have included Senator Di Nino who is a member of the committee. The "we" must have included all the others.

So, Senator Di Nino, who was one of the "we" who would give ample time to witnesses, does not even want to work until Friday. Does he expect to hear 33 witnesses between then and Friday? He says, "Gosh, can we not convince the minister to come tomorrow night? Then we could complete our hearings tomorrow evening, in one day." That is how quick Di Nino wanted it. That is the ample time Di Nino

wanted to give. That is the careful study that Di Nino wanted to give.

The chairman, of course, managed to persuade him that maybe he could wait until Friday. Di Nino, generous of spirit, wishing to give ample time, wishing to maintain his reputation and the reputation of other senators for careful study, careful listening and careful reporting, yielded. He said, "Okay, Friday it is," and Friday it was.

The cat was out of the bag. Everything we heard in this chamber about this bill receiving traditional, careful study by the Senate, about careful attention being paid to the people, was nothing but a lot of guff, as usual. The bill was to be hammered out of committee with all possible speed. The acting chairman finally convinced Senator Di Nino that Friday morning was the earliest the minister could be available, but even so, we are not sure whether Senator Di Nino was satisfied. I assume that he would want to go home and have some sleep. However, we are not even sure whether Senator Di Nino was happy with that, because the chairman said, "We might not be able to get anyone here until Friday. We might have to wait that long for our careful study and our ample time."

Whatever his feelings at this setback, Senator Di Nino then moved that the committee conclude its hearings—he brought down the guillotine, having looked around to ensure that he had enough votes to win his motion—with a clause-by-clause study immediately following the minister's appearance on Friday morning, and that the committee report the bill on Tuesday. How would he know that the bill would be reported on Tuesday? Even at that stage, we did not know that the Senate would be called back on Tuesday, did we? No one told us. No one told the Senate. This bill is now in the Senate; it is not in the committee. No one told the Senate that it was coming back on Tuesday.

Can you imagine, honourable senators, that Senator Di Nino knew we were coming back on Tuesday? I take it that the "we" Senator Kinsella was talking about all knew the Senate was coming back on Tuesday. How do you like that? It was all planned well in advance. We have to assume that while we were sitting here listening to these honeyed words, they knew very well what the plan was: Get the bill out of committee on Thursday night, if Di Nino has his way, but no later than Friday, and back to the Senate on Tuesday. At that point, no one had heard about the Senate being recalled for Tuesday. So it was all a part of a plan.

• (1540)

In any event, that was his motion and it was carried by the government majority on the committee at 4:20. The committee had sat a grand total of 2 hours and 16 minutes. It had met at 2:04 p.m., listened to the departmental witnesses, discussed future business, had a closure motion introduced, passed the closure motion and suspended its sitting at 4:20 p.m. That is the "ample time". That is the "careful study".

This was not a committee meeting, honourable senators. It was a race track. In alphabetical order, here are the names of the people who were there: Atkins, Balfour, Cochrane, Di Nino, Forrestall, Lynch-Staunton and MacDonald. They all voted for this "ample time" and "careful study" of a day and a half. Perhaps they are proud of their participation.

Senator Simard: Who was not there?

An Hon. Senator: You were not there.

Senator Simard: No.

Senator Frith: I hope you are apologizing. I am prepared to have recorded that Senator Simard was not there because he would not participate in such a fraud.

The committee resumed its sitting at 7:03 p.m. It heard from Dr. Robert Glossop —

Senator Simard: What about Senators Bonnell and Hébert and Stanbury?

Senator Lynch-Staunton: You are at the wrong time. They were not there at that time.

Senator Simard: So that was before that.

Senator Frith: Sorry, you got it wrong as usual. You never bother getting it right. Why don't you try and see if you can get your brain and the facts in gear before you put your mouth in motion.

Senator Simard: Why don't you go fight somewhere else and stop wasting our time.

Senator Gigantès: You are getting paid to be here. You could not get paid to do anything else.

Senator Frith: The committee resumed sitting at 7:03 p.m. It heard from Dr. Robert Glossop of the Vanier Institute and then from Richard Shillington of Tristat Resources before adjourning at 8:53 p.m. The total time for the two witnesses was 1 hour and 50 minutes.

Before turning to the next day's proceedings of the committee, I would like honourable senators to consider comments made by Mr. Shillington about the government's White Paper on the child benefit.

During my second reading remarks, I described how this 12-page tome—it was a very thin document as you will remember—was evidence of Tory scholarship, study, research and understanding on the problems facing Canadian families, evidence of the Tory brain trust at its finest. And I was not wrong. Mr. Shillington found it so misleading that he stated this at page 21:95: "If the owners of the BRICK did this, they would go to jail." The Tory brain trust at its finest.

The committee resumed its hearings on Thursday, October 8 at 9:03 a.m. The first witness was Madame Marcelle Dolment, from *Réseau d'action et d'information pour les femmes.* On September 22, I read into the record a letter which I had received from Madame Dolment which condemned as undemocratic the process that was followed in the House of Commons with this bill.

She hoped that the Senate would do better. But it did not take long for her to conclude that the Senate hearings were an even greater travesty.

Senator Simard: What a waste of time.

Senator Frith: Of course. You have to listen to the people. That is always a waste of time for you.

Senator Simard: No, no, you are not the people.

Senator Frith: It is always a waste of time for you to listen. Well, here is what they said. You will have to listen to it. I am sorry, the *Rules of the Senate* have not changed to make it quite that convenient for you.

Madame Dolment, who had hoped that the Senate would do better, stated at page 22:22:

[*Translation*]

> . . . We deplore the fact that this issue was examined during the summer. A number of women's groups were unable to appear, since it was the middle of the summer. The whole thing was pushed through at a ridiculously fast pace.
>
> Within the space of a half-hour or hour, all of the clauses had been adopted. And here again, we were given barely one week's notice. We are very much involved in the constitutional debate. Women are very busy with this issue, as you know. Therefore, we apologize for not submitting something a little more original or very different, although we realize full well that we are dealing with the same bill.

[*English*]

And when Senator Hébert explained to her how, at Senator Di Nino's instigation, the committee would be concluding with witnesses that very evening, she said, at page 22:

[*Translation*]

> **Ms. Dolment:** This is not democracy.
>
> **Senator Hébert:** It has absolutely nothing to do with democracy.
>
> **Ms. Dolment:** Are we living with Pinochet?

Hon. Philippe Deane Gigantès: No, we are living with Brian Mulroney!

[*English*]

Senator Frith: In addition to Marcelle Dolment, the committee heard from the Caledon Institute of Social Policy and a joint presentation from the Social Planning Council of Metropolitan Toronto and the Child Poverty Action Group before breaking for lunch at 12:17.

It resumed its sittings again at 2:05 p.m., hearing from the Canadian Association of Schools of Social Work, the National Anti-Poverty Organization, and the Canadian Association of Food Banks before again suspending its sitting at 4:55 p.m. It resumed at 6:18 to hear from the National Action Committee on the Status of Women and adjourned for the day at 7 p.m.

[Senator Frith.]

That was it—seven witnesses on Thursday, total time taken 6 hours and 42 minutes. Add to that 1 hour and 50 minutes on Wednesday, and you have a grand total of 8 hours and 32 minutes devoted to hearing from the public.

Senator Barootes yesterday wanted to say that it was the same as was done on the hearings for the GST. However, it seems to me that he cannot have it both way. He is either saying that what was done on the GST was right, and therefore they are doing it now; or it was wrong, and therefore what they are doing is wrong.

But let us look at the comparison. Remember the figure I have just given of 8 hours and 32 minutes devoted to hearings for the public. How do the hearings on the GST compare? Senator Barootes likes to say that the GST hearings were the same as the C-80 hearings. He argues that his side is entitled to do what it did with Bill C-80 because of what the Senate did during the GST hearings. In reply, I will read from the report presented by the Standing Senate Committee on Banking, Trade and Commerce when it concluded its examination of the GST legislation. Do you remember the number of witnesses and do you remember the 8 hours and 32 minutes on Bill C-80?

An Hon. Senator: We remember very well.

Senator Frith: For the GST, there were 380 presentations made to the committee, compared to Senator Di Nino's 9 presentations maximum, and he only begrudgingly gave that. You have to blame Senator Di Nino because the chairman of the committee will not take any responsibility for it now. So it is all Senator Di Nino's fault.

We have Senator Di Nino's eight hours and 32 minutes, and we have Senator Barootes explaining that it is the same as it was for the GST. Do you remember how he barked that out yesterday? Well, for the GST:

> Three hundred and eighty presentations were made to the committee in Ottawa and all ten provinces and two territories during approximately 200 hours of public hearings. This report presents the conclusions of the Standing Committee on Banking Trade and Commerce on Bill C-62.

If Senator Di Nino had known that, I do not think he would have taken an appointment to this body. Can you imagine how horrified he would be to think that a committee of the Senate would go so far as to hear 380 presentations? He might want to look at the names of all those groups and individuals who appeared before the Banking committee. Maybe I should read them into the record. There are pages and pages of them. It starts off with the Department of Finance and the C.D. Howe Institute. There is a full page of very close type. These are the people who appeared. I am sure that Senator Di Nino and his friends on the committee would have fainted to think of that. Look at the pages. There are 380 presentations and it shows where they all took place. Senator Barootes says that the Di Nino formula is the same as that. I am still turning pages.

Senator Murray: I hear that the Blue Jays are leading two to zero.

Senator Frith: That certainly gives us a clear indication of what you care about, sir. It is too bad you are not in one of those boxes which your host could write off. In any event, it is clear that Senator Murray would much rather listen—and I do not blame him—to the Blue Jays game than to listen to this description of the travesty he and his colleagues are perpetrating. Why don't you go and listen to the game? I know how hard it is for you to choke this down.

Senator Barootes: Not travesty; trash.

Senator Frith: Down Fido. How did you like your comparison, Senator Barootes? You thought that the Di Nino formula and the GST were the same but you weren't here to listen to the facts. You were out listening to the Blue Jays. Before you walk in here and make comments, at least stay and listen to the debate. Go on out and cheer the Blue Jays and heckle the Oakland A's, where you may—and I emphasize "may"—have something to say.

Senator Barootes: Where are the other Liberals?

Senator Frith: I don't know, they can be where they want. I am talking about you, sir, not about them.

Senator Barootes: Where are the Liberals? A dereliction of duty.

Senator Murray: Only half a dozen of them here to hear their leader.

Senator Frith: They know it is a travesty. You have to listen to it and hear it.

That is, of course, an example of what is happening. In the debate all the interventions were from this side, except that of Senator Spivak. There were no interventions from the other side at all. They had nothing to say, no answer for what they are doing. They had nothing to say to support Bill C-80 and could not find any witnesses to support it. And what do they do here? They talk about the Blue Jays. They talk about where other Liberal senators are.

Senator Barootes: Where are they?

Senator Frith: What has that to do with it? What does that have to do with what you are doing here? What does it have to do with the bill? Do you have any idea where you are, sir? You are a senator, you are you sitting in the Senate, you are listening to debate on legislation, and all can you talk about, as you come in and honour us with your presence between innings, is some nonsense about where Liberals senators are.

Senator Barootes: The same dereliction of duty that you showed at the committee when you walked out.

Senator Frith: There are plenty of Conservative senators who are not here either.

Senator Barootes: You have a duty here too.

Senator Frith: Why don't you go back and listen to the Blue Jays if you have nothing more useful to say? You are asking questions. Why did you not get up during second reading debate and say some of these things?

Senator Barootes: Our case was well put by Senator Spivak.

Senator Frith: Your case was so strong you could not get anyone in the country to support it. When we ask for the name of an alleged supporter of the bill, you do not have it. That is how strong your case is. Of course you have not said anything. Of course no one on that side said anything. Of course Senator Barootes just comes in between innings and barks. Of course he does not stand up.

Senator Barootes: You are saying the same thing over and over again.

Senator Frith: He is still barking. He is still at it.

Senator Barootes: Filibuster some more.

Senator Frith: Don't worry, sir, I don't need your permission to go ahead. I will go ahead when I am ready to go ahead, and when you have stopped barking. I thought you were about to get up and say something about the legislation that is before the Senate, instead of coming in between innings of a ball game and making comments on attendance of senators. Talk about someone who ought to be ashamed of himself. However, if there is one thing we can be perfectly sure of, it is that Senator Barootes is not ashamed of what he is doing today. However, I think that underneath it all he is pretty ashamed about what the government is doing with this legislation.

Notice, incidentally, that the GST report, which Senator Barootes wanted to compare, comprises 197 pages. What do we have on Bill C-80? The GST report was supported by the evidence. What have we here? Nothing. Absolutely nothing. There is nothing in this report to support the conclusion of the committee. There is nothing referring to the witnesses heard by the committee. The committee's report on Bill C-80 is not based on any evidence. It has no basis. It has basis only in the barkings of the type we just heard from Senator Barootes between innings.

These hearings and the unsupportable conclusion of the committee is a charade. For how much longer, honourable senators on either side of this house, can we expect witnesses to come to these hearings when the unanimous conclusions of those whom the government deigns to hear, in the Di Nino formula, are summarily rejected and other witnesses wanting to come are told to get lost? Why does the government insult them and all Canadians? Those who want to speak to the Senate are tolerated only because they provide a veil of legitimacy to an illegitimate process.

This government's ham-fisted stupidity is ruining the country. Everything it touches, it botches. It is ruining the country. It is ruining over a century of hard-earned Senate reputation and the reputation of its honourable committees for listening, for careful study and for thoughtful report.

We are taught that compassion is a virtue. That is hard to muster for this government's pitiful performance but perhaps

we should remember that it is in its dying days. It is drowning in the thick pool of its own mistakes, of which its performance on this bill is just one more example and, we can only hope and pray, one of its last.

Hon. Jacques Hébert: The question before the Senate is one of awful moment for the families of this country, and one whose outcome ought to be guided by conscience, not political machination nor electoral design. With the introduction of Bill C-80, the Conservative government has ushered in what will likely be the winter of Canadian discontent.

The wages of this action, the reward for fomenting this sentiment, is certain relegation of its architects to electoral oblivion. In this regard, honourable senators, the currents of Conservative fortunes will inevitably turn awry.

Passage of Bill C-80 will make Canada one of the few countries in the western industrialized world which provides no financial support, through cash benefits or the tax system, to many parents in need. For instance, parents with one or two children between the ages of seven and seventeen and income levels of over $66,721 will no longer receive direct cash benefits in the form of a family allowance—something to which they have been entitled since 1945.

• (1600)

Words hold little power either to express my amazement at a government that would introduce such a measure, or, in fact, to convey my utter disbelief at the quailing of those Conservative senators who chose to disregard the democratic process, to rush this bill through the Senate, as was so convincingly demonstrated by the Leader of the Opposition.

What kind of motivation could have prompted them to be the willing puppets of a moribund and morally bankrupt government, in one of its most cynical manœuvres to date? It could not have been courage, for they have none!

Perhaps an overview of the history of Bill C-80, with special emphasis on its consequences, will help my colleagues opposite appreciate my discomfiture.

The Conservative government announced its intention to overhaul the Canadian child benefits system in its last budget. The proposal was spelled out somewhat more specifically in a flimsy 12-page document, pompously entitled "The Child Benefit—A White Paper on Canada's New Integrated Child Tax Benefit".

Imagine, if you will, a government policy which involves billions of dollars, a policy which dismantles Canada's 74-year-old child benefits program, addressed in a paltry 12-page document!

As Senator Frith pointed out so eloquently in his speech on this bill on September 22, white papers are more substantial documents, some running to 100 pages, designed to express government thinking on a particular issue. Given the magnitude of the changes proposed by Bill C-80, this white paper underscores the poverty of the government's thinking and the maliciousness of its actions.

[Senator Frith.]

Not only does this meagre pamphlet illustrate the misery of the Conservative approach to child benefits, it also testifies to the government's underhandedness. For example, Mr. Richard Shillington, a well-known authority on social questions and one of the few witnesses who actually appeared before the Senate committee studying Bill C-80, staunchly denounced this trickery. He said:

> This white paper . . . is absolutely a new low in terms of a policy document designed to guide people who want to understand the legislation, as well as its impact . . . This document was designed, not to inform, but to mislead . . . Showing families that monthly cheques are going up, while ignoring what happens to annual benefits, is selective in the extreme. It is inexcusable in a document that purports to explain to families what would happen to their annual benefits.

Moreover, this blunder, according to Mr. Shillington, was intentional and not the result of some administrative oversight or sloppiness.

[*Translation*]

Furthermore, the government had the audacity to distribute 350,000 copies of this phony white paper to the public, which is already confused by this ambiguous, very complex bill.

Obviously, the Conservative government acted that way because it did not have the courage to tell the people honestly that it was going to undermine a cornerstone of Canada's social security system.

Now, the white paper shows clearly that three programs will be abolished, namely family allowances, the non-refundable child tax credit and the refundable child credit. These programs will be replaced by a single new benefit.

The Conservative government pretends that at the very most it is combining all existing benefits into a single one, on the pretext of making life easier for Canadians.

We know their proverbial compassion!

However, that is all nonsense and a smoke screen that the government is putting up before Canadians. The real purpose of Bill C-80—why not admit it outright—is to end the universality of family allowances, despite Brian Mulroney's famous promise that social programs were a sacred trust that would be safe from budget cuts. Empty words, of course! Broken promises, obviously!

Moreover, the government had the audacity to claim that this odious measure was progressive, since it should direct money to those who need it most. You have heard that a hundred times! This statement does not stand up to scrutiny, is it any wonder?

As Richard Shillington said on analyzing Bill C-80:

[*English*]

> The targeting of child benefits was sold on the idea that bank presidents shouldn't get family allowances.

> Well, we have succeeded in taking family allowances away from bank presidents—and the tellers, and the clerks, and the people who sweep the floor of the banks.

[*Translation*]

This witness also asked why the government will pay less, after this bill is passed, to families whose income is between $25,000 and $35,000 or between $35,000 and $45,000. Why will less fortunate families receive less money?

The alleged streamlining effected by C-80 in no way increases the income of the poorest families. Families on welfare gain nothing from it. The increase in the monthly child benefit only replaces the money they would have received at the end of the tax year. That's clear! Low-income families must earn at least $3,750 to be entitled to the earned-income supplement. To receive the maximum benefit of $500, families will have to earn between $10,000 and $20,921. The supplement will disappear once the family income reaches $25,921. After that, no more! This means that Canada now considers assistance for poor children to be dependent on their parents' participation in the labour market. Thus children whose parents are unemployed will receive a smaller benefit than other children.

I think that is worth repeating because, for me, it very well illustrates the spirit of the law: children whose parents are unemployed receive a smaller benefit than other children whose parents work.

With a national unemployment rate around 11.6 per cent, putting a work incentive in the new child benefit will only hurt the most vulnerable families, namely those that depend on welfare through no fault of their own. Moreover, a $500 supplement in Toronto, for example, does not even cover the annual cost of a bus pass, which is $816 a year.

Andy Mitchell, program director of the Social Planning Council of Metropolitan Toronto, had this to say about the earned-income supplement when he testified in Parliament:

> Not only does it make distinctions between upper and lower-income people in the way the benefits are delivered, but it makes invidious distinctions between low-income families. Those who are working are seen, I suppose, as sort of the deserving poor and are eligible for the supplement, while those with little or no earnings—this is what you might think of as the undeserving poor, I guess, in some people's books—get nothing.

This is strangely reminiscent of the old British laws on the poor. Are we so short of ideas in this country that we must draw on the pitiless nineteenth century?

Paradoxically, the deductions for child care expenses for children under seven years old will increase from $4,000 to $5,000. This means that upper-income families will receive a benefit of over $5,000, while low-paid workers with two incomes and two children will receive only $2,540. The wealthier families will receive twice as much in benefits as the low-income families.

I cannot imagine Senator Spivak, who is taking notes at this moment, accepting such things; I cannot understand it!

Furthermore, targeted programs have the bad habit of becoming less effective with time. In this regard, the research done by Andy Mitchell is revealing. He reports that when the child tax credit was implemented in 1978, it went to families with above-average income. However, this threshold has steadily gone down, owing to inflation, over time. At present, benefits stop far below the middle income level and the targeting is more and more restrictive.

That is the plain truth for all to see about the Conservatives' so-called rationalization. The poorest get no benefit from it. That is the truth.

Besides, the Conservatives claim that C-80 will raise federal benefits for families by $400 million a year, or $2.1 billion over five years. That is a wonderful example of the hypocrisy of the government, which quite simply forgets to say that it took more than $3.5 billion out of the child benefit system between 1986 and 1991.

Since they came to power, the Conservatives have quite simply gutted the child benefit system. According to Ken Battle, president of the Caledon Institute of Social Policy, the most harmful of these changes was the decision to partly deindex child benefits.

Since 1986, family allowances have no longer been fully indexed. In fact, they are only indexed for inflation in excess of 3 per cent. The other child benefits, like the refundable and non-refundable credits, are not indexed either.

These changes have had the effect of steadily eroding child benefits. As I just said, it represents a loss of $3.5 billion. So how can the government pretend that Bill C-80 is progress? Is it an improvement to raise benefits by $2.1 billion when they have already been cut by more than $3.5 billion?

• (1610)

[*English*]

Furthermore, Mr. Battle confirmed before the Senate committee last week that an additional $3.5 billion will be slashed from the tax benefit by the year 2000 because of inflation and partial indexation. He described the effects of partial indexation as follows:

> Of any single change made to social policy in Canada in the last decade, that is the most important feature. It is ignored because it is hard to understand. However, it has been applied successfully to the income tax system, to child benefits, to the GST refundable credits, et cetera. Partial indexation is a regressive cut. Lower income Canadians are hit the hardest, in proportional terms, because they suffer the effects of losing child benefits as well as increasing income taxes.

Interestingly, according to Mr. Battle, the poor are the only Canadians who will pay more GST every year. Since the GST refundable credit is only partially indexed, as is the income

threshold proposed by Bill C-80, fewer people will receive the maximum credit which, in any event, will continue to shrink.

This nasty legislation is the final nail in the coffin of universality of child benefit programs. It confirms that the government has washed its hands of child benefits, that it completely ignores the fact that that helping families raise children is an investment in the future of our country. Moreover, C-80 establishes the government's capitulation in the fight against child poverty. Need I remind my colleagues opposite that the Conservative party unanimously endorsed a resolution, debated in the Commons in 1989, to eliminate child poverty in Canada by the year 2000.

Members of the Child Poverty Action Group who appeared before the Senate committee studying Bill C-80 effectively outlined the problem of child poverty in Canada. They said the following:

> Since current economic policy has created a recession resulting in decline of family income, the need for a richer child benefit is more urgent than at any other time in our recent history.

In fact, child poverty is one of the principal plagues affecting Canadian society, and many of the government's policies have exacerbated this situation. During the 1970s poverty hovered at approximately 14 per cent. In the 1980s, despite considerable economic growth, it exceeded 15 per cent. Today, because of the dismal state of the Canadian economy, this figure stands at an appalling rate of 17.4 per cent.

Unfortunately, Bill C-80 fails to address the need for a richer benefit which would help reduce child poverty. Integrating family allowances and refundable and nonrefundable child tax credits does nothing to improve the incomes of the poorest families with children.

Obviously, the government has failed in its attempt to target benefits to Canada's neediest families. As well, it has run roughshod over the democratic process, demonstrating its unequivocal contempt for Canadians. For example, Conservatives introduced closure at second and third reading of Bill C-80 in the House of Commons. Furthermore, the House of Commons committee which studied the legislation provided no time for witnesses to prepare briefs. As a result, many groups which sought to express an opinion on the bill were denied that privilege.

As we know, the charade has continued in the Senate. I thought the closure motion was for 12 hours, but I learned from my leader that it is only for eight and a half hours. These undemocratic and opportunistic manœuvres were summed up succinctly by Mrs. Marcelle Dolment, the coordinator of the Réseau d'action et d'information pour les femmes, who was quoted a moment ago by Senator Frith. When she appeared before the Senate committee last week, she said:

> The Conservative government took advantage of the summer and of the constitutional brouhaha to quietly dismantle—one might say working behind the scenes—the most significant component of Canada's social system, namely equity toward parents and a social safety net for parents.

[Senator Hébert.]

Unfortunately, the dismantling of this program will only serve to tear the social fabric of Canada by widening the gulf between the rich and the poor; creating, as it were, two nations within the Canadian state. Benjamin Disraeli, the 19th century British Prime Minister who engineered sweeping social reforms, spoke of these two nations in very evocative and lyrical terms, and I quote:

● (1620)

> Two nations; between whom there is no intercourse and no sympathy; who are as ignorant of each other's habits, thoughts, and feelings, as if they were dwellers in different zones, or inhabitants of different planets; who are formed by different breeding, are fed by a different food, are ordered by different manners, and are not governed by the same laws—the rich and the poor.

Conscience, as I mentioned at the beginning of my remarks, should have guided the outcome of the bill now before this house; unfortunately, because of political expediency, Conservative members opposite were unable to face theirs. As a result, they have signed the death warrant of Canada's universal child care program, ensuring that rich and poor continue to dwell in different zones and to be governed by different rules. Thus, with apologies to Shakespeare, inability to face their conscience does make cowards of them all. I am sorry, Senator Spivak.

[*Translation*]

I hope their conscience torments them every time they see a poor child, if only they can find one in their neighbourhood.

[*English*]

Hon. Peter Bosa: Honourable senators, I am pleased to take part in this debate and I wish to register a number of concerns that I have with Bill C-80.

On October 9, the Standing Senate Committee on Social Affairs, Science and Technology, agreed to report Bill C-80 back to the Senate without amendment.

I would point out to honourable senators that this decision was not supported at all by the opposition, and neither was it supported by the witnesses who appeared before us. In fact, it should be known that no one witness who appeared before the Senate committee studying Bill C-80, except for the officials from the Department of Health and Welfare Canada, and only one or two witnesses who appeared before the legislative committee studying this bill in the other place, could support Bill C-80.

It is important for members of the Senate, and indeed for all Canadians, to know that this bill has been criticized not only for its content but for the very process through which this bill will soon become law in Canada. Some of my colleagues have spoken on this bill in the chamber, and because many are

aware of its contents and the implications of those contents, I will only make brief references to them, after which I will address the matter of process.

The witnesses who appeared before the Standing Senate Committee on Social Affairs, Science and Technology told us that they had been contacted only days before the hearings on this bill commenced at the committee level. I would like to remind my colleagues that many of those organizations operate on the basis of volunteer labour, and that many of them are strapped for both time and money. Yet they agreed to appear before us, even though they had very short notice. I would suggest that their reasons for doing so are directly related to the fundamental changes which they see taking place as a result of Bill C-80.

They share the concerns of myself and my colleagues that Bill C-80 will give no additional moneys to those families who may be most in need in this country, recipients of social assistance; that the lack of indexation will erode the value of any new moneys put into this program over the years; that the use of an earned income supplement introduces a notion of "deserving" and "undeserving" poor in this country; that increases in the child care expense deduction will give greater benefit to families with higher income levels at the expense of a system of universal, affordable and accessible child care in this country; that the bill, reported to be part of the government's strategy to address the disgraceful level of child poverty in Canada, will do nothing to assist many children and very little to help other children.

These concerns reflect some of the problems with the content of Bill C-80, but there is another matter that disturbed the witnesses, as well as myself and my colleagues. This is the matter of process. As senators, we need to ask ourselves: How did this bill come to be? Who was consulted in the course of preparing the various components of this legislation? How much credence did the government give to the models which the Standing Senate Committee on Social Affairs, Science and Technology explored in our report "Children in Poverty: Toward a Better Future."

How is it that the Department of Finance was so prominently involved in a bill which is profoundly social in nature? Why is there such a hurry to implement a package of changes so extensive as this? Finally, why did the government begin hearings on Bill C-80 in the middle of the summer when little, if any, attention was being directed to this bill? Why, after the Government House Leader in the Senate had assured us that we would have plenty of time to study this bill, plenty of time to hear witnesses and ample opportunity to review the important aspects of this legislation, did the government senators invoke their own form of closure at the committee level by limiting the number of witnesses called? These are important points, and my colleagues and I would like the Canadian public to know how concerned we are over the answers to these questions.

When it became apparent that only a limited number of witnesses were to be called to appear before the committee, and senators wished to be in their own provinces working on the referendum, I suggested that we reconvene our hearings on Bill C-80 on October 27. I submitted that we could give more careful consideration to the complex nature of the bill at that time, and that we could also hear from those additional witnesses who wished to appear before us.

This suggestion would not have delayed the government's agenda. The officials themselves wanted the bill not later than the end of the month, but my suggestion fell on deaf ears. I suggest to members opposite that they still have time to change their minds by adjourning this debate and reconvening on October 27, hold a further two and a half days of hearings and then proceed with final third stage.

Senator Frith: Or even send it back to the committee, by consent.

Senator Bosa: It could be sent back to committee.

We are giving third reading to a piece of legislation that it would appear is endorsed by neither social policy groups, researchers nor practitioners in Canada.

While we were able to hear from only a fraction of those witnesses who would have contributed greatly to the complex debate on Bill C-80, we did hear from some of those who have the longest attachment to issues of child and family benefits in the country. These programs are intricate. The possible consequences of changes to them need to be analyzed through the use of computer models. The committee learned that indeed there are a few Canadian researchers and policy analysts who can fully grasp the range of issues involved. We were lucky enough to hear from several of these experts, and I would take this opportunity to quote from the text submitted by one of Canada's leading experts in the field, Mr. Ken Battle. Mr. Battle is a former head of the National Council of Welfare, and is now the President of the Caledon Social Policy Institute. He stated:

> The proposed package of child benefits simplifies the system to a certain extent.

He did make a couple of positive comments. He also stated:

> It replaces three programs with one and it standardizes the basis upon which the child benefits—aside from the child care expense deduction—are calculated. The Earned Income Supplement also addresses a major gap in the income security system by providing financial assistance to some of Canada's working poor, that is families with children.
>
> Unfortunately, the weaknesses of the proposal outweigh its strengths. The new scheme will do little to fight child poverty. Working poor families will gain only $500 the first year, and most welfare families—the poorest of all—will get no more than they do under the current system. Yet, middle-income and some very affluent families with children will see modest improvements in their child benefits.
>
> Moreover, these small gains will be short-lived: child benefits will steadily drop in value over time, due to the effects of partial deindexation. In addition, fewer families

> will receive assistance over the years because the income levels used to determine eligibility are not tied to the full increase to the cost of living.

The Caledon Social Policy Institute supports the principle of increasing financial assistance to families most in need. Poverty afflicts more than one million children in Canada, including two in every three children in lone-parent families led by women. Yet the government proposal does little in the short term and virtually nothing in the long term to make a dent in child poverty.

In order to protect child benefits from inflation we propose that full indexation be restored to rates and the income thresholds used to determine eligibility. We recommend the elimination of the regressive child care expense deduction to help generate new funds for a more generous child benefit for poor families. Child care needs are better met through an increased supply of licensed child care spaces than through tax breaks which favour well-off families.

I should like to note that the issues raised by Mr. Battle were supported and reiterated by Mr. Richard Shillington, by Dr. Robert Glossop of the Vanier Institute of the Family, by Reseau d'action et d'information pour les femmes, by the National Action Committee on the Status of Women, the Social Planning Council of Metropolitan Toronto, the Child Poverty Action Group, the Canadian Association of Schools of Social Work, the National Anti-Poverty Association and the National Association of Food Banks.

In our brief deliberations on Bill C-80 we were told that the government's white paper, which was designed to explain the new system of child and family benefits, was confusing and even misleading in its content. One witness went beyond that by emphasizing and denigrating the word "misleading" even further. Expert witnesses told the Senate committee that the aims of the new system, as explained in the white paper, are not met by the new legislation.

I quote from Mr. Ian Bennett, the Senior Assistant Deputy Minister, Tax Policy Branch, Revenue Canada, who said:

> While the Child Tax Benefit has several important features, the development was driven by two main goals. The first was to increase the financial assistance going to low- and modest-income families, particularly the working poor. The second was to streamline and rationalize the existing patchwork and complicated system of child benefits.

In response to the government's claim that the new system is more streamlined and rational, I quote from Dr. Robert Glossop, the Director of Research at the Vanier Institute of the Family; he states:

> As you may know, the government's white paper on this new child benefit is extremely short; however, I do not think brevity should be confused with simplicity. Indeed, the proposed changes are themselves complex and promise to create, in my opinion, a system of family income support that would be more difficult for ordinary Canadians to comprehend and to count on in terms of being able to anticipate and estimate from year to year the actual levels of their benefits. No longer will we have five programs; but we will still have four programs, each with different qualifying criteria, distributional consequences and benefit rates, depending upon the age and number of children and the incomes of the families, that will vary from year to year.

[Senator Bosa.]

In referring to the government's first goal—that is, that of increasing the financial assistance going to low- and modest-income families, particularly the working poor—Dr. Glossop had this to say:

> . . . the distributional impact of the new legislation tells us that the anti-poverty impact of the new system will be negligible and will provide benefits inequitably to different categories of the poor . . . If the earned income supplement is indeed a good idea and in fact long overdue, there is nevertheless a question as to whether or not it should be introduced in such a way as to confuse it with the child benefit system and the administration of the child benefit system. Fully 60 per cent of the working poor in Canada will not benefit from this particular earned income supplement that will be introduced with the child benefit.

Thus, I should like to point out that the two main goals of the new system have not, according to many witnesses who have appeared at both the House and Senate committees, been achieved by this new system. It would seem to me that these groups are among the most valuable experts available on child and family benefits in particular, and social policy in general. Yet none of these groups were widely consulted on the contents of Bill C-80.

As I have indicated before, our report entitled, "Children in Poverty: Toward a Better Future", offered two alternative program models for revising the current delivery of child and family benefits in Canada. Neither model was adopted, despite the fact that either one of them would have substantially enriched the amount of benefits recipients can now expect from Bill C-80.

If the government will not listen to the work of Senate committees, I would implore them at least to listen to those experts who have many years of experience in this field as well as direct and firsthand knowledge regarding the burden of poverty in Canada.

I thank honourable senators for the attention that they have given to my remarks.

Hon. Consiglio Di Nino: Would our honourable colleague take a question?

Senator Bosa: Yes.

Senator Corbin: A voice in the desert.

Senator Di Nino: It is not quite the desert yet.

We have heard a great deal about universality and the principles of universality. I am grasping in my own memory as to when the first taxing back of the family allowances took place.

Hon. Mira Spivak: It was in 1974.

Senator Di Nino: Pardon me?

Senator Spivak: In 1974.

Senator Frith: As I told you, Senator Spivak knows a lot about this subject.

Senator Di Nino: Is that the case? It was in 1974?

Senator Lynch-Staunton: Order!

Senator Spivak: I am reviewing the situation.

Senator Di Nino: If that is the case, when we talk about the principles of universality, it really was on the slippery slope of 1974 when the Liberals taxed back for the first time the family allowance.

Senator Stewart: It was barely unfair to the rich people.

Senator Frith: That is right, but there are not enough rich people in the country according to Mr. Wilson. We do not want them to be upset.

Senator Di Nino: Honourable Senator Spivak answered your question.

Hon. John Buchanan: Who was in government then?

Senator Di Nino: The Liberals.

Senator Buchanan: Was it the Liberals?

Hon. M. Lorne Bonnell: Honourable senators, if no one is going to make a speech, I will take a few minutes to tell you about the bill.

To answer Senator Di Nino's question, they might have taxed back the rich people and the bank managers might have paid income tax on the family allowance, but at least they got it. It was universal for all.

• (1640)

Every child in Canada should get it. If they have too much money, then tax it back. Give them a chance to receive the cheque. Many of these husbands make a lot of money, but the wives and children do not get it. These bank managers might be very rude to their wives and keep their money in their pockets or banks.

Senator Di Nino: What do you have against bank managers?

Senator Bonnell: There are some people in this country I do not trust. Some of them are Prime Ministers and others are bank managers.

Senator Di Nino: I was in the banking and trust industry for 30 years.

Senator Bonnell: Now I know why he made the motion to put on closure to kill the family allowance which was for the children and women of Canada, many of whom are members of one-parent families. This is the man who did it. Now we know why. He is a financier. He has all kinds of money and he does not know what it is like to be poor.

The bill, honourable senators, will effectively end the universality of the family allowance program in Canada. This is a dark day. It is Wednesday, October 14, although I thought it might be Friday the 13th. Senior citizens were getting cut back some years ago, but they rallied on the hill and said, "Yes, Charlie Brown," and the Prime Minister backed off. However, children cannot organize. Some of them are infants, many of them in their cradles. They cannot come to Parliament Hill to defend themselves. Nevertheless, this is the time that the Prime Minister, the Minister of Finance and Senator Di Nino cut them down, doing away with the family allowance. Some day these people will be old enough to vote. They will remember and Senator Di Nino's name will be stuck in their minds as that Toronto financier who cut them off the family allowance.

In 1944, the Family Allowance Act was passed. The new program began on July 1, 1945, and paid, without any means test, a monthly allowance for every child under 16. The program solely recognized the special needs associated with having children.

As stated so clearly by representatives of the Vanier Institute of the Family:

> For years and years, Canada was able to justifiably take pride in its tradition of investing in the wellbeing of children through its system of universal family allowances. Indeed, the point was often made that the United States was alone among the developed nations of the world as being the only one that did not have such a program . . .
>
> While neither the U.S. nor Canada will have a program of family allowances, the United States still offers a tax exemption of $2,100 per child to parents, thus preserving the principle of equity between taxpayers with and without dependent children.

And I would point out that, although the recent report of the America's National Commission on Children proposes to replace the exemption with a credit in order to ensure a more equitable distribution of benefits across income groups, the commission's proposed policy will still benefit all parents.

As I say, this is a sad day for Canadians, in particular for the children of our great country. The federal government has effectively shut the door on Canadian children with Bill C-80. My only hope is that my colleagues opposite recognize the grave danger facing our future generations and will join with us on this side in opposing this piece of legislation. Only then will we be able to design an effective child strategy, which, I add, must include a nationally planned child care program.

Honourable senators, the Senate has studied the issue of problems facing children and, most recently, the issue of child poverty. In our report entitled, "Children in Poverty: Toward a Better Future", released in January of last year, we noted the following:

> While Canada's child poverty rate has remained relatively constant (at approximately 16%) over the past number of years, among industrialized nations, Canadians have very little of which to be proud when it comes to the measures we have taken for safeguarding the well-being of our children.

This government had a chance to really fight poverty here. Unfortunately, it missed its opportunity.

The government has missed many opportunities to correct its wrongdoings. We continually listen to the rhetoric of this government as it attempts to convince Canadians that it has all the answers. It is true that high-skill jobs, a competitive economy, economic prosperity and a good quality of life are interdependent. Yet, if we consider what the federal government has done to EPF transfers, which help substantially to fund our post-secondary education system in Canada and the changes made to the unemployment insurance program in relation to job training and retraining, we must seriously challenge their assertion that they want to create a prosperous society.

Honourable senators, allow me refer again to the Senate's child poverty report. At page 5 of the report is the following statement:

> All too frequently poor children grow up to be poor adults. At least part of this process is attributable to the rates of school dropout among poor children and adolescents. Using current Statistics Canada information, research undertaken for the committee projects that over the next 20 years, approximately 187,000 students will leave school due to poverty.
>
> These high dropout rates will cost Canadians an estimated $620 million in Unemployment Insurance costs and an additional $710 million in social assistance payments. If these high dropout rates were eliminated, research estimates that federal and provincial income taxes would rise by $7.2 billion and consumption taxes by $1.15 billion. Finally, research indicates that incomes would be $23 billion higher if poverty-induced dropouts had gone on to complete an average level of education.

For a federal government so stuck on the notion of deficit reduction at the expense of the well-being of Canadians, I only hope that they are able to live with the consequences of what they are doing to Canadian children today.

This bill has been discussed as to its contents in some detail. While it will not surprise honourable senators to hear that I will oppose this bill when it comes before the Senate in its entirety, I want to take a few minutes to highlight the areas which I believe to be of severe consequence.

I must raise the issue of the lack of a federal-provincial agreement stipulating that the provinces will not decrease the amount of the proposed benefit. I am concerned that the provinces will cap welfare payments as the new combined benefit provides a larger monthly amount to families. We were told in our committee meetings that the Minister of National Health and Welfare has brought up the issue with his provincial counterparts and that there is no agreement with the provinces that they will not cap welfare payments.

Honourable senators, my question is this: If there appears to be so much goodwill, as we have been led to believe, why can we not ensure that Canadians actually benefit from this income which they are to receive and that their welfare payments will not be cut?

Second, honourable senators, is the issue of partial indexation. As pointed out by the Canadian Institute of Social Policy, and I quote:

> Unfortunately the weaknesses of the proposal outweigh its strengths. The new scheme will do little to fight child poverty. Working poor families will gain only $500 the first year, and most welfare families—the poorest of all—will get no more than they do under the present system. Yet middle income and some very affluent families with children will see modest improvements in their child benefits.
>
> Moreover, these small gains will be short-lived; child benefits will steadily drop in value over time due to the effects of indexation. In addition, fewer families will receive assistance over the years because the income levels used to determine eligibility are not tied to the full increase in the cost of living.

The benefit, in addition to the threshold amounts, must be fully indexed. We have witnessed what partial de-indexation has done over the last number of years, where they cut $3.5 billion off the children of this country. If we want to truly help children, we must ensure their benefits are worth something.

Before continuing on the substance of the bill itself, I want to make some brief comments on the legislative process involved in the deliberations of this bill. I take my position as a senator in this Parliament very seriously. I am quite proud to have served here for over 20 years. Yet I must echo the frustration which has been expressed by many senators before me with regard to the amount of time given to consideration of this bill.

In particular, I ask the Leader of the Government in the Senate why he misled this chamber. In his comments to the chamber at page 2089 of the *Debates of the Senate* of September 22, 1992, Senator Murray stated:

> My point is that there is plenty of time to deal with the bill.

Concerning the committee, the Leader of the Government in the Senate responded to my leader's question and said:

> . . . the honourable senator, than whom there is none more courteous, will, I am sure, with the assistance of honourable senators, Liberal and Conservative, on the steering committee, want to hear a good cross-section of views from a good representation of witnesses who express an interest in coming forward. All of that can be done.

Well, my friends, for the record, this did not happen. It did not happen, Mr. Leader. It did not happen. We did not get what you said.

After hearing only a very few of the many witnesses who wanted to appear, the committee concluded its work. Senator Di Nino—we will never forget that name. At one time when he was new here, I could not get his name, but I will never forget it now.

Senator Hébert: And the poor will not forget it, either.

Senator Bonnell: Yes, Senator Di Nino. He is the man who killed the children's income.

On top of this insult to the Canadian people, the Minister responsible for children, that being the Minister of Health and Welfare, did not appear before either committee. He refused to come.

Senator Frith: Too ashamed.

Senator Bonnell: Rather, the Minister of Finance appeared in his place. I do not think he was ashamed. He was probably busy out fighting for the "yes" somewhere. But I think the Minister of National Health and Welfare should have been here. He should have been anxious to be here if he wishes to protect the children, and if he has any interest in social welfare in Canada. But no, it is run now by the Minister of Finance. We were fortunate, though. We had the Minister of Privatization. He came.

Senator Murray: His title is Minister of State (Finance and Privatization).

Senator Frith: That is right. The children of the country will be grateful for that correction. It will make a big difference. They will say, "Oh, we do not mind now, not getting our money. It is the Minister of State for Finance and Privatization. That changes everything."

Senator Bonnell: This minister agreed to come, I suppose, because he was rather embarrassed that no other ministers of the Mulroney government were appearing. Somebody had to come. It has become a financial issue now, the children's little cheque that they get each month.

Needless to say, we do not accept this charade and the obvious lack of responsibility shown toward this very critical issue. Honourable senators, I do not accept the government's method of social policy development. I do not accept this government's lack of respect for Canadian families. I certainly do not accept the outlandish notion that this bill will fundamentally help fight child poverty in Canada.

I am not alone in my disappointment with this bill. The National Anti-Poverty Organization, in its written brief to our committee, stated:

> NAPO's greatest and most persistent objection to this new program is that it is creating two categories of poor people in this country—what people are beginning to call the "deserving" and the "undeserving" poor. These two categories are created by virtue of the fact that an earned income supplement will be provided to the working poor only, while families with children who get all or most of their income during any given year from welfare, unemployment insurance, or other government programs will not qualify for the supplement. These families will see no increase in their benefits at all and they may well be the families who are most in need of extra resources so as to provide for their children.

As I mentioned before, universality of all social programs in Canada is in danger. Medicare is next on their list, I think. As pointed out by the representatives of the Canadian Association of Schools of Social Work in their presentation brief:

> We cannot help but wonder whether the abandonment of family allowances is but the first step towards the dismantling of the principle of universality in social programmes as a collective response to human suffering.

That includes medicare, unemployment insurance; they are all going.

Canada is often considered to lead the industrialized world in the treatment of its citizens. As pointed out by the Social Planning Council of Metropolitan Toronto and the Child Poverty Action Group of Ottawa and Toronto:

> . . . the passing of Bill C-80 is likely to make Canada the only country in the Western industrialized world where those who bear the extra responsibility of bringing up children are no longer receiving family support through the tax system or direct cash benefits . . . Tax credits for dependent children are a common feature of tax systems around the world and family allowances are paid in 62 nations including all 27 European countries.

Furthermore, it was stated by the National Action Committee on the Status of Women:

> We argue that, in comparison with the countries of western Europe, Canada's record with regard to children's programs and benefits is not especially laudable. Further, we believe that this legislation and other government policy initiatives lead us away from the kinds of children's benefits and programs Europeans enjoy, and towards the targeted and mean-spirited programs of the United States.
>
> We argue that Canada's role in the development and promotion of the United Nations Conventions on the Rights of the Child should lead us, as a nation, in the opposite direction from that in which we are moving.

The Hon. the Speaker: Honourable Senator Bonnell, I must advise you that, pursuant to rule 38(4), your time is now up.

Senator Bonnell: I have a very short speech remaining. Perhaps honourable senators will allow me to finish my speech.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Bonnell: I had to stop to cough, and that made the difference, but it is getting to the point now where you are not even allowed to cough.

When will this government recognize that the future of our country is at stake? Is it so difficult to understand that poor children come from poor families, and our emphasis must be on ending family poverty? Bill C-80, as so many have stated, will not help those who desperately need more money to survive.

On November 24, 1989, the other place unanimously passed a motion stating that:

> . . . this House express its concern for the more than one million Canadian children currently living in poverty and seek to achieve the goal of eliminating child poverty among Canadian children by the year 2000.

If Bill C-80 is the response to this motion, I reject the effort made by the government.

Honourable senators, in conclusion, Bill C-80 will not help fight child and family poverty in this country. We need a strategy which includes, but is not limited to, sound employment creation with full pay equity for both men and women, with particular assistance to Aboriginal peoples and minority groups; affordable housing; support programs to end violence and abuse; consumer, nutrition and home economics education programs for parents; and a system of affordable and accessible child care.

I believe, honourable senators, that these goals are the ingredients of a good, sound strategy to help the children of our country and I urge you to vote against Bill C-80. Only then will we be able to properly address the terrible situation facing so many of our children.

I thank honourable senators for giving me an extension of time.

Hon. Anne C. Cools: Honourable senators, I move the adjournment of the debate.

NOTICE OF MOTION TO INVOKE PROVISIONS OF RULE 40

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before the motion to adjourn the debate is put, I wish to point out that, as has been indicated in this chamber, in committee and in discussions with both the Deputy Leader and, no later than this morning, the Leader of the Opposition, this bill, if passed, will go into effect in January 1993. To make it effective at that time, certain administrative measures must be taken to advise beneficiaries of the changes and to obtain all the information needed so that all those eligible will receive what is due to them under the new legislation in January.

The timetable of the government was that as soon as the committee finished its hearings the Senate would be recalled, which was indicated when we adjourned until December 1. We feel that this bill can be fully debated and voted upon by Friday. The Leader of the Opposition could not agree to such a deadline this morning as he felt that more time might be needed. This side, however, does not agree with that.

Therefore, since discussions between the parties have not led to any agreement on the allocation of time for consideration of the third reading stage of the bill, I give notice of the following motion:

> That, pursuant to the provisions of rule 40, in relation to Bill C-80, an act to amend the Income Tax Act, to enact the Children's Special Allowances Act, to amend certain other acts in consequence thereof and to repeal the Family Allowances Act, not more than six further hours of debate be allotted to the consideration of the said bill at the third reading stage;
>
> That, when the debate comes to an end or when the time provided for the consideration of the third reading stage of the said bill has expired, the Speaker interrupt, if required, any proceedings then before the Senate and put forthwith and successively every question necessary to dispose of the said stage of the said bill; and,
>
> That any recorded vote or votes on the said questions shall be taken in accordance with the provisions of rule 40(4).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I rise on the orderliness of the motion, before the motion is put. The notice is, of course, one day, as contemplated, I believe, by the Deputy Leader of the Government.

I have just two points. The first is about the use of the word "must" as it applies to the passage of this bill, that is, that the bill must be passed in order for certain things to happen. Of course, there is a difference of opinion on that subject. Conditions as they exist now would be infinitely better than they will be under this bill, in our opinion.

Second, I wish to acknowledge on the record that the Deputy Leader of the Government came to see me today, in the absence of Senator Molgat, and asked if we could—quoting from rule 40 (1)—"agree to allocate a specified number of days or hours for consideration of" third reading of Bill C-80. I told him that since our caucus is determined to do everything we can to oppose and, we hope, defeat this bill, I could not give him any such agreement. Therefore, I have to acknowledge that he is clearly within his rights to give notice under rule 40(1).

Hon. Peter Bosa: Honourable senators, may I put a question to the Deputy Leader of the Government? The Deputy Leader of the Government said that the reason he is imposing time allocation is that the officials need to advertise this program in order that the beneficiaries of it will be notified about the cheques that are going to be mailed out on the January 20.

If I understood the officials correctly when they testified before our committee, they said that this mailing would go out on November 2. It appeared to me that they had everything in

place, that they only had to turn the key and all the literature would go out on that date.

This is October 14. We are two weeks away from that deadline. Is it really necessary that this bill be passed by the government on closure?

Senator Lynch-Staunton: When Senator Bosa brought up this argument at the committee hearing, I pointed out that we are in an unusual situation at this time in Canada. We are faced with a referendum in two weeks and many senators in this chamber want to get away from here as soon as possible in order to be involved in the campaign until the deadline provided before referendum day.

I think that following the referendum it would be quite difficult to get senators back here. Because of the effort and time which will be taken up, there will be a need for staying away from this place. If it were not for that, we would be in agreement to go or for another week, but I know that many senators on both sides, if not all of the members of this chamber, want to leave this place as soon as possible and be away all next week. The following week is referendum week and I do not know whether we could get the Senate back to discuss any item at that time.

Senator Bosa: We have no problem with the fact that everyone wants to get away now in order to take part in the referendum, but what about October 27, the day after the referendum? All we need is a quorum to hear the witnesses and the provincial premiers. In the meantime, the clerk of the committee could advise them that we will be hearing them.

Senator Lynch-Staunton: We are just repeating what has been said before. The provinces have already been consulted and heard. Bill C-80 is not a new bill as far as its content goes. It has been discussed for years. I can quote you statements from Liberal Ministers of Finance about merging the various child benefits into one package. This has been going on for years. Bill C-80 was discussed in the white paper earlier this year. It was part of the budget in February. It was part of a House of Commons legislative committee in 1991. This is just the normal culmination of years of discussion.

Certain senators want the Senate to restart the whole debate, to get the same witnesses back and redo all the hearings and do the same things as have been done more than once elsewhere.

Senator Hébert: We do not need the Senate, then.

Senator Lynch-Staunton: That is your opinion, Senator Hébert. We feel that enough time has been given to study this bill; therefore, we give notice of time allocation.

On motion of Senator Cools, debate adjourned.

[*Translation*]

CONTRAVENTIONS BILL

THIRD READING—MOTION IN AMENDMENT—DEBATE CONTINUED

Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator MacDonald (Halifax), for the third reading of Bill C-46, An Act respecting contraventions of federal enactments.

And on the motion in amendment of the Honourable Senator Bonnell, seconded by the Honourable Senator Hébert, that the Bill be not now read a third time but that it be referred back to the Committee for further study.

Hon. Eymard G. Corbin: Honourable senators, I thought that Senator Hastings was rising to speak.

I would like to speak on the motion in amendment of the Hon. Senator Bonnell. It reads thus:

> And on the motion in amendment of the Honourable Senator Bonnell, seconded by the Honourable Senator Hébert, that the Bill be not now read a third time but that it be referred back to the Committee for further study.

The purpose of further study of this matter would be to ensure that the provincial and territorial governments have nothing to add concerning the contents of the bill.

I was not on the committee that examined the bill, but I took the trouble to read the whole transcript of the meeting of the Legal and Constitution Committee held on Tuesday, September 22, 1992.

I was able to note that several of our eminent colleagues, may I point out, like Senator Stanbury, supported a motion by Senator Bonnell to ask the provincial and territorial governments to indicate to the committee whether or not they wished to appear before the committee to point out the benefits of the bill or express any concerns they might have about it.

When the bill went through the various stages of consideration in the House of Commons, two western provinces, I believe, expressed some concerns and the committee of the House of Commons was therefore able to amend the bill accordingly or to take account of the points expressed by these provinces.

In the Senate, we have a convention that appears as Appendix I to the Rules of the Senate.

I think that it would be worth reading this appendix, entitled "Provincial Representations to Senate Committees", to you.

I do not really like that title, but anyway, the appendix, as formulated, is: *Extract from the Second Report of the Standing Committee on Standing Rules and Orders, May 28, 1985. The report was adopted by the Senate on May 30, 1985.*

As all my hon. colleagues on both sides know, the party sitting opposite us today imposed an untimely reform of the traditional rules of the Senate.

I am quite surprised that these new "wise men" saw fit to include this appendix. If it was thought worth including when the Rules of the Senate were revised, we may well ask what it really means.

I will read you what it says:

> The Standing Committee on Standing Rules and Orders recommends that the following be observed by committees of the Senate as general practice:

By the way, the practice was already established even before the recommendation, convention and tradition were expressed in the following terms:

> That, whenever a bill or the subject-matter of a bill is being considered by a committee of the Senate in which, in the opinion of the committee, a province or territory has a special interest, alone or with other provinces or territories, then, as a general policy, the government of that province or territory or such other provinces or territories should, where practicable, be invited by the committee to make written or verbal representations to the committee,. . .

Hon. Jacques Hébert: That is what they did with Bill C-80!

Senator Corbin:

> . . . and any province or territory that replies in the affirmative should be given reasonable opportunity to do so.

You are quite right, Senator Hébert. Despite the time limits that will be imposed on us tomorrow, I hope that I will be able to return to the aspect of this question that concerns family allowances.

It is strange, is it not, that this government, which wanted to clean up the Rules of the Senate, still decided to keep this appendix!

If it is part of our rules, I think that we should respect it.

Did the Legal and Constitutional Affairs Committee in fact respect this convention, this tradition, this rule, this recommendation? As far as I know, it did not!

I stand to be corrected if I am not presenting things as they actually happened. Nevertheless, I read carefully the report of the proceedings of the Legal and Constitutional Affairs Committee.

I was going to say that Senator Stanbury, a distinguished senator with many years of service in the Senate who has always been especially concerned with legal and constitutional issues, asked the committee to respect this convention. It was not done. Indeed, the government majority simply rejected out of hand the motion of a senator from the Official Opposition requesting that we contact the provinces and ask them to give us senators in the Senate their comments.

I think it is serious. Putting this in the context of the referendum debate, we are right to wonder, if the present Senate is not abiding by its own rules, what will happen in a new Senate with greatly reduced powers.

Will provincial interests be protected then? We must raise the question.

I for one am concerned, especially if that party were to remain in power. Every day, we see how cavalierly the government brings out its steamroller to override the opposition's right to speak, in order to rush through its bills, very often for quite frivolous reasons.

I just heard Senator Lynch-Staunton tell us that we have to leave this place to take part in the referendum. I do not agree. I think that the national Parliament should have stayed in session in order to elucidate many unclear and disputed points in the so-called Charlottetown agreement.

It is here, on the floor of the two Houses of Parliament, that these matters should be cleared up. But what is the government doing? Pressed in on all sides, it closes down Parliament. It wants to close the Senate and send us out for the referendum. I think that the referendum will go ahead without Mr. Murray, Mr. Frith, Mr. Corbin and anyone on the other side.

The time has come for Canadians to speak. They are very well informed.

I believe that as a general rule, the media are informing Canadians fairly well in this referendum. Canadians are not fools. They know what is going on. What I fear most about going out to take part in a referendum is partisanship. I fear narrow-mindedness. I fear propaganda. The Canadian people are not stupid. They do not need politicians to tell them how to vote. All they want are clear, precise, specific texts. That is why both Houses of Parliament should have continued to sit throughout the referendum period in order to clarify some contentious points.

I come back to Bill C-46 which is on the agenda. The government majority rejected the committee's request to communicate with the provinces to obtain their opinions.

Mr. Roy and Mr. Berlin are excellent public servants, I believe, if I go by all the praise given to them both in the House of Commons and in the Senate committee.

They told us: "We have contacted the provincial authorities, that is, our provincial counterparts. We are satisfied that they have nothing else to add." Well, that does not satisfy me because, ultimately, it is not the civil servants that will have to account for a bad piece of legislation. It is the legislators; it is the members of Parliament; it is the senators.

The House of Commons feels that it has done a good job and I say fine! But us, in the Senate, have the right to take a second look. This right must be exercised in the respect of regional considerations. We represent regions here. At least, I represent the province of New Brunswick. I am one of ten senators that represent not a small corner of New Brunswick, but that province as a whole.

In Quebec, they have constituencies, for what these are worth. Indeed, many senators have never set foot in their two square acres worth $4,000, but that is another story. In any case, I represent the interests of New Brunswick and I would like to be satisfied, and not by what some civil servants may say, that the province of New Brunswick is completely pleased with the content of this complex bill.

The content of this legislation is simple but the bill is complicated as regards its provisions and its structure. For instance, if you bother to look at the analytical table, you will find that there are three pages of titles. Do not try to have me believe that the federal civil servants are in control. It is certainly not my intention to depreciate them. I recognize that in exercising their duties, they may have done a good job with their provincial and territorial counterparts. But who controls the provincial and territorial governments? It is not the civil servants: it is the elected politicians or, in our case, the appointed ones. It is us who, ultimately, have the last word regarding the content of the legislation.

Today, I do not have the satisfaction, after reading what was said in committee, and after glancing through the proceedings of the committee of the House of Commons, that the provincial government of New Brunswick is perfectly comfortable with this bill.

It is also strange that, at the same time as we are examining this bill in the Senate and, pardon me, even before the bill got to the Senate, officials from the Federal Department of Justice are already starting negotiations with their provincial counterparts on the implementation of the provisions of this bill, as if the Senate was blindly going to comply to the will of the government without questioning anything. I do not accept that. We expect officials to do their work, nothing less. But senators also should do their work and do it well.

As long as I will not have a guarantee from the Attorney General or the minister of Justice of my province of New Brunswick and of the other provinces, I believe that the bill should be returned to the committee in order that an appropriate consultation with provincial and territorial governments takes place, as provided for in Appendix I of the Rules of the Senate.

I thank you, honourable senators.

• (1720)

[*English*]

Hon. P. Derek Lewis: Honourable senators, I move the adjournment of the debate.

Senator Lynch-Staunton: No.

The Hon. the Speaker: It is moved by the honourable Senator Lewis, seconded by the honourable Senator Bosa, that further debate be adjourned until the next sitting of the Senate.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

Senator Hébert: On division.

Motion of Senator Lewis to adjourn debate negatived, on division.

THIRD READING—MOTION IN AMENDMENT NEGATIVED

The Hon. the Speaker: Honourable senators, the motion in amendment was moved by the Honourable Senator Bonnell, seconded by the Honourable Senator Hébert that the bill be not now read a third time but that it be referred back to the committee for further study. Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: No.

Some Hon. Senators: Yes.

The Hon. the Speaker: Will those honourable senators who are in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

Senator Hébert: On division.

Motion in amendment negatived on division.

THIRD READING

The Hon. the Speaker: Honourable senators, we now come to the main motion. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators who are in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

Is this on division also, honourable senators?

Senator Hébert: Yes, on division.

Motion agreed to and bill read third time and passed, on division.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before moving the adjournment motion, I should like to make one suggestion.

Since tomorrow we will only have one government item, namely, Bill C-80, which will be subject to time allocation if the motion is approved, may I suggest that we meet tomorrow morning at 9 o'clock? The rules require that the debate on the motion for time allocation can last up to two and one-half hours. And if approved, the debate on the main motion, third reading of Bill C-80, can last up to six hours.

I make that suggestion on the assumption that, if the entire time is used up, we can dispose of the bill some time tomorrow afternoon or early afternoon, have Royal Assent and adjourn until December 1, the date stipulated in the original adjournment motion. I make that suggestion to colleagues on both sides.

Hon. Royce Frith (Leader of the Opposition): As I said earlier, honourable senators, the position that our caucus has taken on Bill C-80 is that we do not want to collaborate in any way that will help passage of what we consider to be an iniquitous bill.

Time allocation having been imposed—and youwill notice that I pick that euphemistic description for closure in the spirit of ecumenism—it would involve a change of decision by our caucus as to the granting of any leave to speed this bill in any way. As Senator Lynch-Staunton has pointed out, time allocation having been imposed, the question of the six hours and the distribution of that six hours is brought up again. If we can suspend the sitting for 15 or 20 minutes until perhaps just before six—and if I am ready we will come back sooner—in order to have a quick caucus to discuss the matter, then I am prepared to bring the matter up to our caucus within that rough time period.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: We shall adjourn, then, until 5.45 p.m.

Senator Frith: Yes, 5:45 should do it. If we are not here sharp at that time, please wait for us.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting of the Senate was resumed.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the issue is clearly one of simply moving blocks of time. Once the closure is engaged, the clock ticks for a maximum of two and one-half hours on the closure motion. Once that is terminated there can be no adjournment or deferral of the vote. So that two and one-half hours is a time that is certain. That, then, in turn clicks into the six hours.

The real question is whether we want to have those clocks started at 2 o'clock, or at 9 or 10 o'clock in the morning. Since the dye is cast, as long as the government sticks to its course and has the numbers, there is little difference. If the government forces a vote in due course, whether it wins or loses the vote, the matter is clearly with us within that eight and one-half hour period. The suggestion of the Deputy Leader of the Government to start those clocks ticking at 10 o'clock tomorrow instead of 2 o'clock does not involve any surrendering on our part of our adamant opposition to this bill and adamant opposition to hurrying it. We are not hurrying or abridging the time of debate.

We therefore accept the suggestion of the Deputy Leader of the Government, and we grant leave for sitting tomorrow morning. We have already discussed the possibility of 10 o'clock. We would like to have a Question Period tomorrow, although most of the time will be spent on the closure motion, which must start immediately. Senator Murray has advised that he will find it very difficult to be here at 10 o'clock tomorrow because of a meeting that starts earlier than that, but he probably can be here with us by 11 o'clock. There will be unanimous consent to interrupting the proceedings to allow for a Question Period when Senator Murray arrives.

If I have properly stated our conversation and have been clear about the consent that we are giving, then the Deputy Leader of the Government is obviously free to move, with leave, for adjournment of the Senate until 10 o'clock tomorrow morning.

Senator Murray: Honourable senators, I rise simply to confirm that I will be a little late tomorrow because of a meeting that begins at 9 o'clock. That meeting is normally over by 10.30 or 10.40. It is prudent to suggest that I would be available for Question Period at about 11 o'clock.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Lowell Murray (Leader of the Government): Honourable senators, that being the case, with leave of the Senate and notwithstanding rule 59(1)(h), I move:

> That when the Senate adjourns today it do stand adjourned until tomorrow, Thursday, October 15, 1992, at 10 o'clock in the forenoon.

The Senate adjourned until tomorrow at 10:00 a.m.

THE SENATE

Thursday, October 15, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the clock is still ticking. If the government of which Senator Murray is a member had respected democracy—by his definition, Canadians would be casting their ballots within 36 days; but, of course, Canadians cannot cast their ballots within 36 days because the minimum election period is 50 days. So for 14 days now, according to the criteria laid out by Senator Murray, their leader in this chamber, the government has displayed, to quote him, "cowardice and contempt for the democratic process". But it is not too late. An election could still be called.

ROUTINE PROCEEDINGS

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 510 citizens of Alberta who oppose the goods and services tax.

These petitions come mainly from Calgary, Edmonton, Spruce Grove and Stony Plain.

Honourable senators, I have the honour to present petitions signed by 501 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Chilliwack, Sardis, Abbotsford, St. Albert, Aldergrove, Vancouver, Victoria, Prince George, Surrey, Quesnel and Burnaby.

Honourable senators, I have the honour to present petitions signed by 500 citizens of Quebec who oppose the goods and services tax.

These petitions come mainly from Terrasse Vaudreuil, Saint-Germain, Saint-Dominique, Saint-Ambroise, Saint-Honoré, Falardeau, Saint-Cyrille, Sainte-Rosalie, Wickham, Huntingdon, L'Avenir, Amos, Huntington, Knowlton, Kirkland Lake, Drummondville, Sainte-Sophie and Saint-Charles.

Finally, honourable senators, I have the honour to present petitions signed by 170 citizens of New Brunswick who oppose the goods and services tax.

These petitions come mainly from Shippigan, Saint Louis de Kent, Atholville, Grand Falls, Saint André, Edmundston, Tracadie, Bathurst, Legault, Le Goulet and Haut Shippigan.

A grand total of 1,681 petitioners all across the land. These petitioners are fed up with the contemptuous attitude of a government that has long since stopped listening to them.

QUESTION PERIOD

[*English*]

THE SENATE

ABSENCE OF GOVERNMENT LEADER

The Hon. the Speaker: Honourable senators, in the absence of Senator Murray, may I suggest that Question Period be postponed until he returns?

Hon. Senators: Agreed.

SPORTS

AMERICAN LEAGUE CHAMPIONS—TRIBUTES TO TORONTO BLUE JAYS BASEBALL TEAM

Hon. Finlay MacDonald: Honourable senators, I wish to ask the Senate's leave to hear from Senator Keith Davey, who is probably the most qualified person here to speak on that remarkable exhibition in Toronto last night.

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

Hon. Senators: Agreed.

Hon. Keith Davey: Senator MacDonald is correct. I learned this morning that last night the Blue Jays did, in fact, win the American League Championship Series. Having been able to attend all of the games in Toronto, I am now trying to find some way now of getting to Atlanta.

The Blue Jays put on a remarkable demonstration, a demonstration not only of baseball, but of the strength of Toronto.

A number of senators, a week or two ago, attended a game at SkyDome. Thanks to Senator Eyton, a number of us were there.

Senator Frith: They had their names in lights whether they were there or not.

Senator Davey: They had their names in lights. If you will recall, that was a great game. I became quite annoyed at Senator Atkins at that game because, into the ninth inning, the other team had a no-hitter and all of a sudden Senator Atkins, a Blue Jays fan, decided that he would pull for the enemy, and they did win the game.

Senator Frith: But not a no hitter.

Senator Davey: Baseball, as Senator Frith knows, has been my lifelong passion. I was a commissioner of the Canadian Football League. I know I was a lousy hockey player. My affection has always been for baseball. The fact that a Canadian team is in the World Series is of enormous value.

Senator Frith: And the commissioner's job is vacant!

Senator Davey: I did not want to say this, but I have put your name in for that position. Now, let's win the world series!

ORDERS OF THE DAY

INCOME TAX ACT

CHILDREN'S SPECIAL ALLOWANCES ACT

FAMILY ALLOWANCES ACT

BILL TO AMEND—MOTION TO INVOKE PROVISIONS OF RULE 40—CARRIED

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved, pursuant to notice of October 14th, 1992:

> That, pursuant to the provisions of Rule 40, in relation to Bill C-80, An Act to amend the Income Tax Act, to enact the Children's Special Allowances Act, to amend certain other Acts in consequence thereof and to repeal the Family Allowances Act, not more than six further hours of debate be allotted to the consideration of the said Bill at the third reading stage;
>
> That, when the debate comes to an end or when the time provided for the consideration of the third reading stage of the said Bill has expired, the Speaker interrupt, if required, any proceedings then before the Senate and put forthwith and successively every question necessary to dispose of the said stage of the said Bill; and
>
> That any recorded vote or votes on the said questions shall be taken in accordance with the provisions of Rule 40(4).

He said: Honourable senators, I have just a few remarks to make in support of this motion. More particularly, I want to reply to the allegation that not sufficient time has been given to debating Bill C-80, since a number of senators opposite have maintained that we have not lived up to our commitment to allocate sufficient time for debate.

[Senator Frith.]

Senator Corbin: Right on!

Senator Lynch-Staunton: I would suggest strongly, and perhaps even convince many senators oppisite, that this is a gross exaggeration, to say the least.

Sufficient time has been made available; the opposition simply has not taken advantage of it.

Let me illustrate this point. The first reading of the bill was on Thursday, September, 17. Second reading was on Tuesday, September 22, at which time Senator Spivak, the sponsor of the bill—-

Senator Frith: And I might add that she was the sole government speaker.

Senator Lynch-Staunton: —-made an eloquent statement regarding the substance of the bill. She was followed by Senator Hébert and Senator Frith.

• (1010)

Senator Frith: Liberals, or the opposition; any others?

Senator Lynch-Staunton: Senator Murray then intervened, and Senator Frith expressed concern that there would not be enough time, that we would follow what he said was the same short schedule as the House of Commons. Senator Murray said during that debate, as recorded at page 2089 of *Hansard:*

> We can sit evenings, we can sit Friday morning, we can sit all next week. There is plenty of time to hear from every senator, Liberal or Conservative, who wishes to be heard in the second reading debate on Bill C-80. . . There is plenty of time.

Senator Frith: There was plenty of time to complete the debate, but it is the committee hearings we complained about.

Senator Lynch-Staunton: On Tuesday, Senator Thériault then spoke and Senator Cools adjourned the debate. On Wednesday, Senator Gigantès said he was not ready, and adjourned the debate until the following Wednesday.

Senator Gigantès: Tuesday.

Senator Lynch-Staunton: Yes, Tuesday.

Senator Gigantès: Get your facts straight.

Senator Frith: They never do.

Senator Lynch-Staunton: I then asked why we could not continue with the debate, since there was so much time left that afternoon, and we were told by senators opposite that they were not ready. Senator Murray again asked, as recorded at page 2114 of *Hansard:*

> Honourable senators, are there no other speakers who can take part in the debate tomorrow, Friday morning or Monday? Today is Wednesday. Why adjourn until next Tuesday?

So, again, there was sufficient time. The opposition simply did not want to take advantage of it.

We came back on Tuesday, September 29, and Senator Gigantès and Senator LeBlanc spoke. Senator Olson moved to adjourn. I again asked why we could not continue the debate at that time. Again, we were told that the opposition was not ready. So the previous question was then moved, Senator Stanbury and Senator Corbin spoke and the bill was sent to committee, on Tuesday, September 29.

Senator Kinsella can intervene at this point or later if he wishes to back me up. My understanding is that an offer was made to get the committee hearings moving immediately, the following day. The opposition replied, "No, we need more time". Therefore the committee did not meet until Wednesday, October 7.

What does this all mean? It means that ample time was available but the opposition did not want to take advantage of it. There were six days available for debate and the opposition used only part of three days, and only a fraction of those three days.

Senator Simard: They have been unmasked.

Senator Frith: The government used none; not any.

Senator Lynch-Staunton: Honourable senators are all aware that the new child tax benefit proposal is to take effect on January 1.

Senator Frith: According to your schedule.

Senator Lynch-Staunton: According to what is stated in the bill.

Senator Frith: A government bill.

Senator Lynch-Staunton: It is a bill passed by the House of Commons, but the senator may want to make an amendment to it.

Here is what Minister McDermid said to the committee:

> The government wants to have Bill C-80 enacted by the end of October . . .

Senator Frith: Now we know; we are getting somewhere.

Senator Cools: Now we know.

Senator Lynch-Staunton: You have known this for some time, since last February when it was announced in the budget.

> This is necessary to ensure adequate time to put in place the administrative infrastructure needed to provide the first monthly cheques to Canadian families by January 20, the day on which family allowance cheques are normally delivered.
>
> For example, to get cheques into the hands of all families by January 20, the printing run must begin before the end of December. We also have to develop and test computer systems, train personnel, publish manuals and implement operational systems. Moreover, we have to mail out an advance notice of entitlement to all families on November 2, which is not that far away.

In summary, honourable senators, the Senate has had ample time to debate this bill, both here and in committee, and did not see fit to make use of that time. We have a deadline —

Senator Frith: Come on! When Senator Murray says things like that, he smiles.

Senator Lynch-Staunton: —imposed by a provision in the bill. We also have a referendum in less than two weeks in which many of us, if not all, want to participate, hopefully all on the same side.

It has been suggested that we might come back after the referendum. If we came back on Tuesday, October 27 and followed our normal schedule, we would only have three days available for debate, since the notices have to go out on November 2, which is a Monday. Those three days have already been made available to the Senate, and the opposition did not see fit to take advantage of them.

Therefore for all these reasons, honourable senators, I urge you to support this motion.

Senator Cogger: Here is Senator Frith, and I think he is going to agree with you.

Hon. Royce Frith (Leader of the Opposition): Draco was an Athenian legislator whose harsh codification of the law in 621 BC has given us the word "draconian". With death being the penalty for almost every offence, the code was so unpopular that it was largely abolished by Solon. There was a happy ending then, however, because Solon, an Athenian statesman, lawgiver, and poet, as chief archon —

Senator Gigantès: And a liberal!

Senator Frith: —and a liberal, as Senator Gigantès states—enacted many economic, constitutional, and legal reforms, and, unlike Draco, paved the way for the development of democracy at Athens and her emergence as a great trading state. Enslavement for debt was abolished, a new currency instituted, and citizenship was granted to foreign craftsmen settling in Athens. Draco's inhumane legal code was largely repealed.

Honourable senators, the debate on this motion is largely academic, because once rule 40 is invoked, a powerful mechanism starts grinding towards an eventual death-blow to debate. A maximum of eight and a half hours later the guillotine, once hoisted, must fall.

This might be an occasion for us to look at rule 40 in the context of the new rules. That might not be without interest to all senators, not only those in the opposition, because the present government party will be on this side soon. Although it might temporarily have a majority, it will soon find itself looking up at the guillotine rather than sitting in the bleachers knitting with Madame Defarge waiting for the thud that ends its lightning descent.

I say that it is largely academic, because no party without a majority, and, therefore, the assurance of winning a vote, would ever evoke the rule. It is possible that very special circumstances might exist where it would strategically be used by a minority, but even then only by motion by the Leader or the Deputy Leader of the Government as provided for in the rule.

It is not, however, irrelevant to make the point about strategy, because the rule itself is a strategic or tactical device and is not a substantive motion; it is a purely procedural one. While the rule provides for a maximum of two and a half hours of debate, it is difficult to imagine any occasion when that whole two and a half hours would be used. The members of the minority against whom it is used would, to quote the late Senator Eugene Forsey, "be dreaming in technicolor," if any of us here thought that anything we had to say in that two and a half hour period would persuade the senators on the majority side to change their minds and desert the government leader who had invoked the rule.

I say the debate is academic, but it does give us an opportunity to look at rule 40 in the context of the new rules. It is one that, on the record of the Senate, we have not taken a very close look at. What does it provide? Rule 40(1) states:

> At any time while the Senate is sitting, the Leader of the Government in the Senate or the Deputy leader of the Government in the Senate, from his or her place in the Senate, may state that the representatives of the parties have failed to agree to allocate a specified number of days or hours for consideration of any stage of consideration of any adjourned debate on any item of government business.

Yesterday, Senator Lynch-Staunton pointed out that he had come to see me and he had fulfilled those conditions by asking for an agreement, which I did not give him. The rule continues:

> If so, at that time the said Leader or Deputy Leader may give notice of the terms of a motion to allocate a specified number of hours or days of debate on the said stage of consideration of the said item. Such motion shall be placed on the Orders of the Day under "Government Motions" for the next sitting day.

● (1020)

Rule 40 then goes on to provide for time limits in the government's motion. It says that such a motion shall provide for at least a further six hours debate on any substantive motion; a further six hours debate on a motion for second reading of a bill; and then one calendar day for committee reports. We then come to the one that applies here, which is sub-paragraph (d).

> (d) a single period of a further six-hours debate, in total, to dispose of both the report and the third reading stages of a public bill.

There is then a limitation:

> (3) Except as provided in sub-paragraph 2(d)above —

— the one that applies to us —

> — no motion moved pursuant to rule 40 shall allocate time to more than one stage of consideration of any item of government business.

There are really two stages here; that is, report stage and third reading stage, but of course that is the one exception when the two stages can be made the subject matter of one motion.

Rule 40 then says:

> (4) Except as provided below, the provisions of rules 67 and 68 shall apply to the taking of any standing vote in relation to every Order of the Day to which time is allocated for debate, pursuant to rule 39 or 40 and shall be considered in accordance with the following provisions:

There then are some special provisions with regard to debate and the time of the vote.

Then when the Order of the Day has been called to which a period of time has been allocated for its consideration, and is under consideration, there are a whole series of "i"s dotted and "t"s crossed to make sure that nothing can happen: No amendments, no deferral of votes. Absolutely nothing can happen.

As I say, once that guillotine is hoisted, the mechanism goes on relentlessly to the maximum of eight and a half hours. It is only if we think that we could actually persuade the government to change its mind, to let the guillotine down gently, to stop the mechanism that drives us relentlessly to the death blow to debate, that we could consider using the two and a half hours.

There is one third point. What about a new Senate? Surely it is realistic to assume that, no matter what happens to the Charlottetown consensus, a new Senate—an elected one, one hopes—is inevitable. I have been preaching for that new Senate for over ten years now, one that would be elected by proportional representation, non-simultaneously and therefore not controlled by—though not able to defeat—the government. Would such a Senate hold still for this rule, or many of the other rules that have been imposed on it by the government majority? In my opinion, it would not.

There are three main centres of abuse of Parliament in the new rules imposed on this place unilaterally by the government side, the government majority. The first is the excessive powers given to the Speaker, the second is the excessive government control of business, and the third is time allocation and closure.

There will be a better time to discuss the two other centres of abuse, that is, the Speaker's powers and the government control of business. Just in passing, I should say that I do not think a new Senate of elected senators would permit the Speaker to have the powers imposed by the new rules, and certainly not unless that Speaker were freely elected. If, however, the government did not control the Senate, such a Speaker would not be under the thumb of the government and,

therefore, might be given by the new Senate some of the additional powers he has now been given by unilateral action of one side of the house.

For the same reason, the second area of abuse, the government's control of the Senate's business, would also never be accepted by a new Senate elected by proportional representation and non-simultaneously. If it were not elected at the same time as the House of Commons, the government not having control, the Senate would not be under the government's thumb. As the old Senate did, in my opinion, the new Senate will want to have control, and would want to return to the situation where senators ran the business in the Senate and ran the Senate through its Internal Economy committee.

• (1030)

Now, honourable senators, there are three centres of control as things stand. The first is the leadership of the government, the second is the Speaker and the third is the Clerk of the Senate. But I am picturing a new Senate, one not controlled by any government, with no power to defeat that government, but with an absolute veto on legislation. If elected by proportional representation, all experience shows, there would be no majority party. Thus, there would be true representation of the regions. There would not be the situation we have now, where the government appoints government leaders in the Senate who have all these powers under the new rules, and which also appoints the Speaker with no consultation.

As is the case now, one of the senators walks in and says, "I have the honour to inform you that I am your new Speaker; like it or lump it." Under the old rules, that being the case, senators for 125 years have said, "If that is the way it is, you are imposed upon us as Speaker; you sit there and we will call on you when we want you to intervene. Call the Orders of the Day and when we want you to intervene we will call on you."

That is the second centre of control. So there is the leadership of the government, which dominates the Senate; then the Speaker is given powers to dominate, and the Clerk, who is also appointed by the government, has powers of administration. All three are imposed on the Senate by the Prime Minister of the day. I do not think a new, independent-minded Senate would accept those three centres of control.

On the third area of abuse of Parliament by the new rules we have the one that is before us now. It is time allocation. Similarly, I cannot imagine a new Senate, one not controlled by the government, accepting such a Draconian rule.

For all these reasons the whole issue may be academic, applying as it does only under these special circumstances of rules that were violently changed, although in effect for a century and a quarter, putting the Senate entirely under the thumb of the government.

I hope that such rules would be changed quickly by a new Senate, wiping them out altogether and starting with the old rules. Then, as a fresh start from those old rules, any changes appropriate for the new context in a new Senate could be made.

After all, the rules that were imposed recently on the Senate by the government majority were rules that were not brought into effect with a view to the long term interests of the Senate and its future. They were brought into effect as a reaction to what happened in the GST debate and solely for the purpose of making sure that never again would the government be able to be challenged effectively in the Senate. It is that simple.

I say that as someone who may soon be sitting on the government side. I believe that in the meantime, before there is a new Senate, these rules under which we now operate, are completely inappropriate for a second chamber that should have a veto power over all legislation but no power to defeat the government.

I hope rule 40 will not be used frequently in the meantime, that is, before we get it changed. It is true that the government has not used it frequently up until now. As Senator Lynch-Staunton pointed out, they have preferred to use the mechanism of the "previous question", which is an even more Draconian and vicious piece of closure than is rule 40. Rule 40 is soft compared to the "previous question".

I will not say anything more about what Senator Lynch-Staunton said in trying to defend all the ample time that the government gave on this legislation in the Senate. Anyone interested can read what took place yesterday when we set out the entire record of just how ample was the time the government allowed for debate. It did give time at second reading. I agree with Senator Lynch-Staunton in that regard. We did not complain about the time given at second reading. In fact, in that case, as he said, they used the "previous question" to shut it off anyway.

As far as the committee is concerned, honourable senators, look at the record and look at how that record was recounted in the *Debates of the Senate* of yesterday and you will see what a joke it is to suggest that ample time was given and was not taken advantage of.

If you want other references, honourable senators, speak to the legions of Canadians who wanted to give evidence before that committee, having heard that the Senate's committees did listen, did study, did take care in analyzing evidence and in reporting. Ask them whether they think ample time was given.

For all these reasons, I will be asking my colleagues on this side to vote against the motion. However, I doubt that any senators opposite will join us in order to defeat this iniquitous use of this iniquitous rule to ram through an iniquitous piece of legislation.

Some Hon. Senators: Hear, Hear!

Hon. Brenda M. Robertson: Honourable senators, I do not intend to indulge in a long discussion. However, I must respond to a couple of things said by the Leader of the Opposition.

First, let me say that I welcome his comments about the new rules that would have to be in place for an elected Senate. Those of us who have supported an elected Senate for many

years are looking forward anxiously to a time when the Senate is elected.

I can only say that I have alerted already the clerk of the committee and intend to meet with the steering committee soon after October 26 to put on the agenda of the Standing Committee on Privileges, Standing Rules and Orders the drafting of tentative new rules for an elected Senate. It seems to me this would be a progressive and positive thing that our committee could be doing in anticipation of an elected Senate.

Senator Frith, I certainly hope that we will have a better response from your members on the committee in designing new rules for an elected Senate than we have had in obtaining your recommended amendments to the old rules. We have been asking for any amendments you may have. You complain bitterly about the rules, but so far we have not seen a single recommendation for an amendment to the rules. This is something we have requested on a number of different occasions. Hopefully, we will get a better response in the future.

Senator Frith: But you know that our amendments exist.

Hon. Philippe Deane Gigantès: Honourable senators, it is absurd and insulting on the face of it to our elected successors, if the "yes" passes, to suggest that the honourable senator opposite will sit down with her knitting machine at the foot of the guillotine and produce the rules for the elected Senators. They will be elected. They certainly will not want her rules.

The typical arrogance of Tory thinking goes, "We, the elite, will tell those awful, elected, smelly, people how to run their lives. We will tell them to hold their little finger up when they drink their tea."

This rule under which we are now suffering comes at the end of something which started over the GST debate.

• (1040)

In all parliaments of the British persuasion, delay is the only weapon left to a minority. When the Tories rang the bells in the House of Commons, Madame Jeanne Sauvé, then the Speaker and a Liberal, of course, let it go on for almost three weeks because she was reluctant to remove from the opposition the only weapon it had.

We rang the bells here for an hour and a half. What happened then? The Speaker of the Senate told the Tories that the vote would take place at 5:25, and told us that the vote would take place at 5:30. They locked the doors and they voted in the absence of the opposition. That is the only time such an incident has taken place in any parliament of British ancestry, anywhere. It is typical of the sort of arrogance displayed a little while ago by the honourable member opposite, who wants to knit a Madame Defarge set of rules for the elected senators who will follow.

Anyway, as soon as they had voted—and one must go back to that. The press never understood it. The people never understood it, because the spin doctors of the Tory party managed to obscure the truth, that this was a major and dreadful attack on all parliamentary principle—they then said, "We have now established the principle, the principle being that we can now vote in your absence."

[Senator Robertson.]

Members on this side of the chamber pleaded with them for eight hours in speeches all night, saying, "You cannot do this. You are destroying the very essence of parliament." Parliament is a place to talk. That is what the word means, that the two sides must talk to one another. They were adamant. The only thing left for us to do on this side, and all of us felt awful about doing it, was to show them that they could not go on with that particular rule because we would not accept it. We would make as much noise and provoke as much chaos as possible in order to defend the right of parliament to talk. And you cannot talk to yourselves, ladies and gentlemen. You will not be interesting. You do not have anything interesting or intelligent to say.

They gave us their word finally—and it was through the use of psychological aggression on our part. They gave us their word that, yes, there would be some new rules and we could resume the debate. Then they broke their word and they imposed closure.

Senator Murray broke his word. Senator Roblin broke his word. They made the promises formally. I do not even speak of the Speaker. He broke his word. He always does.

Senator Cools: Tory bandits.

Senator Gigantès: So now we are continuing in the spirit of that outrage to parliamentary democracy. We will have guillotine. The debate will be ended on something that is very important. I will come back to it when I talk on the substance of the bill after they impose the guillotine.

The Tories do not want to talk. That is what they did when they lied to us about what time the sitting would take place, and voted in our absence. That is what they want to do at all times. We were told only recently by the Leader of the Government and the deputy leader that we would be given all the time we needed. "Ample time" they said. "Ample time" they will give us if we are prepared to verbally sort of shake some incense towards them, perfume them. We will not.

Senator Cools: They are beyond that.

Senator Gigantès: You have lied to us. That is an un-parliamentary word, but I am saying it. You have lied to us. You have shown yourselves not to be true parliamentarians. You are not true democrats. You are proving it again today. You are doing exactly what Charbonneau did when he told the Liberals to come in at 5:30 and let the Tories in at 5:25.

I want to mention here that one of your colleagues said to me, "Why do you people not go to Charbonneau's parties?" I do not have the permission of the person to quote her, so this remark is not made for the purpose of attribution. I will not give her name. I said, "We people do not go to Charbonneau's parties because we think he did something dreadful." The person then said, "Yes. You, too, do dreadful things in the Senate." I said, "Of course."

But think of a hockey game. In a hockey game, people from both sides check one another against the boards, but the referee does not play for one team or the other. But the Speaker played for the Tory team. It is as if, before an overtime period, he told one team to come in 5 minutes early to score goals when the opposition team was not there.

Senator Frith: And were locked out.

Senator Gigantès: Today, you are continuing in the same spirit. This is unconscionable. It is un-parliamentary. I cannot describe what people must feel. I hope the press picks this up, that Senator Robertson, with true Tory arrogance, is suggesting that she will make the rules—and probably with the help of Senator Doyle—about how elected senators must behave. Oh, dear!

I remember one of the senators opposite criticizing me for having bad table manners during the GST debate because I put a piece of a tangerine in my mouth. I was told that "One does not talk with one's mouth full." Never mind decency. Never mind imposing misery on the people and the poor. Never mind lying about the sacred trust. Universality is a sacred trust. There goes universality with this bill and other bills. Never mind the recession you have caused.

A soft landing, said Mr. Wilson; a soft landing. Go and ask those who have lost their jobs how soft the landing is. Never mind all that. A piece of tangerine in the mouth of a senator who is talking about an important bill is an offence to Tory manners.

Senator Barootes: It should have been hemlock, not tangerine.

Senator Gigantès: Your manners are not even very good, because manners should be based on sincerity and decency, and you lack both.

Senator Robertson: The honourable senator is speaking a lot of nonsense, as he usually does.

Senator Gigantès: Is Senator Robertson speaking twice on the debate? You are only allowed to speak once on debate, and you have already spoken. Your Honour, please apply the rules.

Senator Cools: They are your rules, after all.

The Hon. the Speaker: Is this a question, honourable senator?

Senator Robertson: May I ask you a question, Senator Gigantès?

Senator Gigantès: It depends. You may if it is polite, and if it is not contentious, and if it is not dishonest.

Senator Robertson: In asking my question, honourable senators, I certainly would not follow the example of Senator Gigantès. However, Senator Gigantès—and please do not take my words incorrectly—do you feel that it is an imposition for the present rules committee to work on some proposed guidelines with respect to rules for the new Senate? They can do what they want with them, but do you not agree that it would be common courtesy to have something to offer by way of assistance to them through their first two of three months in office?

Senator Gigantès: That is like asking innocent sleeping victims on their first night in a new bed to accept some suggestions from some vampires.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I did not intend to speak on Senator Lynch-Staunton's motion, but Senator Robertson, who chairs the Committee on Privileges, Standing Rules and Orders, introduced a factor that has nothing to do with this debate. No doubt she did so as a result of Senator Frith's comments.

I cannot help saying that the suggestion she has just given us comes right out of the blue. I do not see why—I will sit down because she is not even listening to me! It is not worth talking to those people because they are frightfully arrogant!

• (1050)

[*English*]

Hon. Efstathios William Barootes: Honourable senators, it is not my habit, as you know, to speak on matters in the Senate very frequently.

Senator Frith: Not when you are standing, anyway.

Senator Barootes: I do have occasion to make the odd interjection here and there, but only to bring attention to matters that are either erroneously stated or misstated. However, I do have something that I should like to say on this matter, particularly about rule 40 of the *Rules of the Senate*. I cannot, unfortunately, speak with the drama of our Shakespearian player on the other side, nor with the emotion of the lost soul, my countryman over there, who speaks nothing but drivel but says it in such a sensational way that it catches the attention of those who wish to scribble about it.

However, I do wish to say that the epitome of arrogance, the epitome of conceit in this house does not come from the poor, silent, benighted people on this side, but from the last two speakers I heard on the other side. No one in all history has shown the conceit or the arrogance that the Leader of the Opposition and his cohort, who has left the room, have shown in here in the past few months.

I want to return to rule 40. Those of us who prepared proposals for the new rules for the house and sat to study them—the rules of which my friend, the Leader of the Opposition, has spoken —had two things in mind. There was not a single day that went by in which we did not hear at least ten times in our little Conservative group this statement: "Will that change to the *Rules of the Senate* be fair and objective in the future, whether you sit on the side of the government or the side of the opposition?"

Senator Frith: That was the question. We know what the answer was—"No".

Senator Barootes: If that jasper would listen, he might pick up something of use for his next performance for the Ottawa Little Theatre.

The second aspect that we considered on each occasion was that all proposed new or changed rules must hold for a Liberal on that side, a Liberal on this side, a Conservative on that side, a Conservative on this side, or any combination thereof. Of particular importance was whether it would be helpful if the persons on the government side were in a minority or whether they were in a majority. In other words, all four combinations must be covered in such a way that the government side, irrespective of whether it was in a minority or a majority, was able to do one thing—that is, proceed to bring government business to a vote, irrespective of whether it was going to win or lose that vote.

There must at least be the opportunity, on the government side, be it Liberal, Conservative, minority or majority, to complete the government's business in this chamber and not to have it hung up by a bunch of procedural jackasses who are playing, from time to time, William Pitt the Younger and William Pitt the Elder. We have had enough of that. This is a legislative chamber that should bring to completion the government's work, and that is why the government controls the government agenda. Thereafter, other business of the house can proceed for as many hours or for as long as either side of the house wishes.

So I bring to your attention the fact that rule 40 was brought in in that manner. Then, when these proposals were later put to the committee studying the rules and regulations of this chamber, again, I regret to say, honourable senators, there was a total dereliction of duty on the part of our Liberal or opposition friends. They refused to come to the meeting.

Senator Corbin: That is not the truth. You are not saying the truth.

Senator Barootes: Not only is that the truth, and I will stand by it —

Senator Corbin: You are lying.

Senator Barootes: I ask him to retract that statement or that he be named by the Senate.

Senator Corbin: Sit down.

Senator Cools: Never, never.

Senator Barootes: I demand that he be named.

Senator Corbin: I will retract, but you are not saying the truth.

Senator Cools: He will never be thrown out of this chamber.

Senator Barootes: Let me go on. When these proposals were being put to a meeting convened by the honourable senator to my left, Senator Robertson, not only did my friends on the other side not show up, but one member from the front bench of the Liberal Party did inadvertently wander in and

[Senator Frith.]

was handed this material as we were discussing it. Lo and behold, one of the leader's staff noticed this and a note was sent in asking the senator to get out of the room for fear he would be contaminated in discussing the proposals that were being put forward to both sides. That is what I referred to when I said that the opposition was not there.

Subsequently, when it was possible to reformulate—if I may use that term—the rules and regulations committee, and some members of the opposition did appear, we tried again to revise these rules which some members of the house, particularly some in the opposition, found offensive, unworkable or, if I may use your leader's term, "inappropriate". We have had a few meetings and we have agreed to exchange with each other, as we develope these changes, the amendments we would like to see made.

In other words, we would send ours to your group and you would send yours to ours and then we would sit down and see if we could mediate the differences.

We have done our part. We have fulfilled our obligation and have immediately turned over to that side any amendments we have developed. So far as I can find out, Senator Robertson, the chairman, has not received any amendments from the other side, although my friend the Leader of the Opposition says he has a pile of them that thick.

That is fine, but for heaven's sake let us see them. How can we decide how we might improve on these rules without your assistance? It is all right to feed information one way, but apparently it is not all right to feed it the other way. That is one observation I would make.

• (1100)

There is one other comment I wish to make on Senator Frith's observations about the Speaker of this house, which I found inappropriate. This house has continued for 125 years, and during that entire period of time the government side or the ruling party has always appointed the Speaker and apparently the table officers.

If you find it so offensive that we have not elected the Speaker in this chamber, why in heaven's name did you, when you were in power for so many years, not undertake to have an elected Speaker? We did it; the Conservatives did it on the other side in the other place—

Senator Cools: Senator, you do not know the Constitution.

Senator Barootes: Now, all of a sudden, you have seen the light and you want an elected Speaker.

Senator Frith: That is not true. That is wrong.

The Hon. the Speaker: Order, please. According to our rules, your 10 minutes are up. Is leave granted for Senator Barootes to continue speaking?

Hon. Senators: Agreed.

Senator Barootes: I thank the honourable senators for permitting me to proceed for another moment.

Senator Hastings: We don't want to miss this.

Senator Barootes: I am very conscious of how important it is that the rules be acceptable to all members of the Senate. It is only with the cooperation of the other side in the committee that we can do this.

You, on your side, have some very expert people in this matter. Senator Molgat chaired that committee for many years. He is not here today, but it is upon his shoulders that we have placed, if you will, the responsibility of letting us have your input into this matter. We hope that we will receive it in the future.

I thank the Leader of the Opposition for his turgid remarks, even though they were highly dramatized, and I am glad senators opposite listened to me with such patience.

Some Hon. Senators: Hear, hear!

Hon. John B. Stewart: Will Senator Barootes answer a question?

Senator Barootes: Willingly, if I can.

Senator Stewart: The present session of this house began on May 13, 1991, and the present date is October 15, 1992. A fair number of calendar days have elapsed during the present session.

Today is only the 101st sitting of the Senate in this session, which has lasted about a year and a half.

My question to the honourable senator is this: Do you think that the Senate sits too many days each year and that it sits too many hours on each of the days on which it sits?

An Hon. Senator: Trick question!

Senator Barootes: I wish I had attended St. Francis Xavier University's political science course.

Senator Frith: There is an answer for you. I can only say, "So do we, sir!"

Senator Barootes: I can only say that such ephemeral and esoteric questions are beyond the ken of a poor doctor like myself to answer, but I will try.

Honourable senators, I can remember one session of Parliament that ran almost three years—certainly over two or two and a half years. Who was the Prime Minister at the time? He had the prerogative of proroguing and starting a session. I think the Senate should sit for as long as is necessary to conduct its business in this session, legislative and otherwise.

Senator Stewart: So you will withdraw the motion now before the house?

Hon. Philippe Deane Gigantès: Will the honourable senator accept a question? Do you honestly expect us —

Senator Barootes: Did I say I would accept a question from you? My answer is "no"!

Senator Frith: Chicken!

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I rise on a question of privilege. I have never in 24 years —

[*English*]

Senator Barootes, will you take your seat, please. I have something to tell you. Your colleague Brenda Robertson left the house as I was referring to her. I have asked to rise on a question of personal privilege. If you do not want to hear me, that is fine.

Senator DeWare, we do not work under New Brunswick rules here. If you want to speak, you should take your seat and await your turn. That is the Senate rule.

[*Translation*]

Honourable senators, never before in my 24 years here have I called someone a liar. I retract that, but I still live with the shame of having said it. I deeply apologize not only to Senator Barootes but to all my honourable colleagues. This has never happened before.

But it happened because of Senator Robertson's comments in the debate on this motion. I am very sorry that she did not see fit to keep her seat so that we can thoroughly debate the new question she raised.

Honourable senators, I regret that very much and I again apologize profusely for the way I behaved earlier today.

[*English*]

Senator Barootes: I thank the honourable senator for his gracious withdrawal of those remarks and tell him that I shall continue to honour and respect his judgment in the future.

Senator Stewart: Honourable senators, speaking to the motion before the Senate, I wish to say that I am not one of those who believe that either the House of Commons or the Senate needs unlimited time to deal with measures proposed by either private members or members of the government. There may be circumstances in which closure is reasonable, but today we have a situation in which the Senate has sat only 104 times in about a year and a half. In addition, I doubt that even the most indolent among us could complain about the length of our sittings. Yet, on this important bill, the government has brought in an allocation of time. Surely it would not have strained even the most feeble and aged among us to have heard more witnesses.

Senator Cools: Absolutely.

Senator Stewart: Surely we could have come back and finished the third reading debate in the normal way, without its being truncated by this allocation of time motion. Is it any wonder that the people of Canada want this house drastically reformed? If evidence showing the need for reform is required, the government has provided it today with this allocation of time motion; the unwillingness to hear witnesses; the unwillingness to defend their own bill. "Drop the guillotine, for we have the numbers to win the vote."

Senator Cools: That is their way.

Senator Stewart: There is no defence for this bizarre motion. What appointments do we have? Can we not cancel our airline reservations? The sun will shine next week as well as tomorrow. We do not have to be out of here. I cannot understand the reasoning of these senators who support the government. Have they no sense of our duty to the public?

Some Hon. Senators: Hear, hear!

• (1110)

The Hon. the Speaker: It was moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Kelly:

> That, pursuant to the provisions of Rule 40, in relation to Bill C-80, An Act to amend the Income Tax Act, to enact the Children's Special Allowances Act, to amend certain other Acts in consequence thereof and to repeal the Family Allowances Act, not more than six further hours of debate be allotted to—

Senator Frith: Dispense.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen.

Senator Hébert: Honourable senators, I would ask to have the bells ring for 10 minutes.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: That will take us to 11:20. Call in the senators.

• (1120)

The Hon. the Speaker: Honourable senators, it has been moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Kelly:

> That, pursuant to the provisions of Rule 40, in relation to Bill C-80, An Act to amend the Income Tax Act, to enact the Children's Special Allowances Act, to amend certain other acts in consequence thereof and to repeal the Family Allowances Act, not more than six further hours of debate —

[Senator Cools.]

Hon. Royce Frith (Leader of the Opposition): I don't think we have time to read the whole thing. The government is in a big hurry, so we had better dispense.

The Hon. the Speaker: Is it agreed that we dispense with reading the motion, honourable senators?

Hon. Senators: Agreed.

Motion of Senator Lynch-Staunton carried on the following division:

YEAS

THE HONOURABLE SENATORS

Baootes	MacDonald (*Halifax*)
Bolduc	Macquarrie
Buchanan	Marshall
Cochrane	Murray
Cogger	Nurgitz
Comeau	Oliver
DeWare	Phillips
Di Nino	Poitras
Doyle	Robertson
Forrestall	Ross
Grimard	Rossiter
Johnson	Simard
Kelly	Spivak
Kinsella	Sylvain—29.
Lynch-Staunton	

NAYS

THE HONOURABLE SENATORS

Bonnell	Hays
Bosa	Hébert
Cools	Kenny
Corbin	LeBlanc
Davey	Lewis
Frith	MacEachen
Gigantès	Stewart—15.
Hastings	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

• (1130)

SENATORS' STATEMENTS

THE ECONOMY

POVERTY IN CANADA

Leave having been given to revert to Senators' Statements:

Hon. M. Lorne Bonnell: Honourable senators, I assumed this morning that we were rushing through the agenda to get to the Orders of the Day in case somehow or other Bill C-80 might not be passed. For that reason, I did not proceed with my statement. Thank you for giving leave to revert. I wish to finish the statement I started yesterday, which the Senate refused to let me complete then because of the time limit.

At this time in our history, when we are taking the family allowance away from our children and doing away with universality, there is great income inequality, with income being shared very unequally. If the income of Canadians is divided up like a pie, the richest fifth of Canadians receive nearly one-half of all the income in Canada, 46.6 per cent; the poorest fifth receive only 3.2 per cent. In other words, the richest fifth received nearly 15 times as much money as the poorest fifth.

At this time in our history, one in six children under 18 years of age, or approximately 17 per cent of Canadian children, live in poverty. This means that over 1.105 million children are living in poor families. Since 1989 the number of poor children has grown by 171,000.

Figures from the 1986 census show that two out of five Canadians with incomes in 1985 received less than $10,000. The percentage is much higher for disabled persons, being approximately 57 per cent. For native people, including Métis and Indians on reserves, it is down to 54 per cent. Nearly one in five Canadians aged 65 and over is living below the poverty line. However, the risk of poverty is greater for women aged 65 who live alone or with non-relatives. Approximately 47 per cent of those women live in poverty, compared to 33 per cent of men in similar circumstances.

I have simply put those figures on the record so that, when voting on Bill C-80, honourable senators will have mercy on the poor children of this country.

QUESTION PERIOD

THE CONSTITUTION

REFERENDUM QUESTION—EFFECT OF RESULT ON CANADIAN ECONOMY—STATEMENTS BY PRIME MINISTER

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question relating to the referendum and I would like some clarification arising out of some recent reports.

For some time the Prime Minister has been warning that the Canadian dollar would sink, interest rates would climb, and investment would flee the country if the Charlottetown accord were rejected. He has also stated that if the "yes" side wins, family incomes would rise dramatically over the next eight years and "every Canadian, man, woman and child, would enjoy the highest standard of living in the entire world." Parenthetically, I also seem to remember something such as that being said about the result of the approval of the free trade agreement; however, that is another matter.

I see today that the Prime Minister plans to have talks on the economy after the unity vote. A recent article states:

> Prime Minister Brian Mulroney plans to host an economic summit within two weeks after the October 26 referendum, whatever the outcome.

That intention sounds like "business as usual". In other words, whatever the outcome, we will go on with first ministers conferences on the economy, and life will go on. Can the "yes" committee now take the position that the sky will not fall, whether there is a "yes" or a "no" result?

Hon. Lowell Murray (Leader of the Government): Honourable senators, with regard to the possibility of a federal-provincial conference or a first ministers conference on the economy, I believe I dealt with that matter yesterday in response to a question from Senator Austin.

Senator Frith: Yes, but it was not quite in this context.

Senator Murray: I have to tell the honourable senator that no decision has been made in that regard. Certainly, the inquiries that I have made with the Prime Minister's office and the Department of Finance and the Federal-Provincial Relations Office indicate that no decision has been made in that regard. It is always a possibility, I suppose.

The second point I would make is that the honourable senator has attributed to the Prime Minister statements which he did not make, and he has drawn from statements which the Prime Minister did make inferences that are not justified.

First, the Leader of the Opposition in the Senate quotes the Prime Minister as having said that the dollar would fall, that interest rates would rise, that investment would shrink in the event of a "no" vote. That is the not the statement of the Prime Minister. The Prime Minister has been at some pains to speak very candidly to the Canadian people about the risks of uncertainty that would certainly arise from a "no" vote on October 26.

In support of that, I will only repeat what Standard & Poor's stated yesterday, when it announced that the credit rating in respect of certain Canadian obligations in foreign denominations had been reduced from Triple-A to Double-A:

> . . . uncertainties about the future shape of the confederation, if they persist, could weaken investor confidence and hamper the conduct of economic policy over the medium term.

Finally, the honourable senator again misquoted the Prime Minister with regard to the future of the Canadian economy in the event of a "yes" vote. As I said to Senator Thériault yesterday, the Prime Minister had not said that the result of a "yes" vote would be certain increases in income. What he pointed out was that we do have a good economic future and that it depends upon maintaining our unity as a country. This is covered in a delayed answer which my friend the Deputy Leader of the Government in the Senate will be tabling in due course.

Senator Frith: Honourable senators, I guess all of us will be a little hard-pressed to remember what my question was when put in the context of the answer. I will have to read the *Debates of the Senate.*

I would point out that the statement that I read in the Toronto *Star* was in quotes, so someone is obviously wrong, and Senator Murray thinks that the *Star* is wrong. I am not quite sure whether the answer to my question is yes, but I think it is. We will see when we read the questions and the long answer.

EGYPT

CANADIAN ASSISTANCE TO EARTHQUAKE VICTIMS IN CAIRO

Hon. Peter Bosa: Honourable senators, I should like to address a question to the Leader of the Government in the Senate concerning earthquake victims in Cairo, Egypt. Has Canada sent assistance in the same manner that it usually does when there is a catastrophe around the world?

● (1140)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall have to make enquiries. My information is that assistance has been offered and accepted, but I cannot at the moment furnish the details the honourable senator would wish to have.

THE CONSTITUTION

COST AND MEANS OF FINANCING REFERENDUM

Hon. John B. Stewart: Honourable senators, I have a question for the Leader of the Government concerning a delayed answer given on October 13, 1992.

I had asked how the cost of the constitutional referendum is to be met. In the response given on behalf of the government, the Senate was told:

> Parliament has appropriated the necessary expenditures by virtue of section 33 of the *Referendum Act* which states that the costs of the Chief Electoral Officer shall be paid out of the Consolidated Revenue Fund.

My question to the Leader of the Government in the Senate is: Is the bill that eventuated as the Referendum Act a bill that would be regarded as an expenditure bill under the reformed constitution?

Hon. Lowell Murray (Leader of the Government): I think not, honourable senators.

Senator Stewart: But you will take it under consideration?

Senator Murray: Yes, but I would continue to think not, on the basis of recent exchanges that we have had on this matter among the honourable senator and Senator Everett and myself some weeks ago, as well as on the basis of the Charlottetown agreement and the legal texts which seek to define quite narrowly the definition of a supply bill or the purposes of the 30-day suspensive veto by the new Senate.

[Senator Murray.]

CANADIAN NATIONAL RAILWAYS

NOVA SCOTIA—STATUS OF PROPOSED SALE OF TRURO-SYDNEY RAIL LINE

Hon. John B. Stewart: On June 23, 1992, the Standing Senate Committee on Transport and Communications presented a report on the decision of Canadian National Railways to sell the main railway line between Truro and Sydney, Nova Scotia. About two weeks ago, if I recall correctly, Canadian National Railways announced the name of the successful bidder. I believe it was Tex Rail, an American company. I am glad to see Senator Buchanan here, because he will remember the proceedings of the committee vividly.

Members of the committee will recall that the government of the province of Nova Scotia stated that it is adamantly opposed to the sale by Canadian National Railway of this line of railway.

My question to the Leader of the Government in the Senate is the following: Has there been any representation, either formal or informal, by the government of the province of Nova Scotia to the government of Canada with regard to the proposed sale? If there has been any representation, what has been the response of any minister on behalf of the government of Canada?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would have to make enquiries about that matter. I am aware, of course, as the honourable senator is, of the representations made by the Nova Scotia government to the Senate committee that looked into this matter. I shall make enquiries about what representations may have been made to ministers or to the government.

Meanwhile, if the government of Nova Scotia or other interested parties have representations to make, they should prepare to make them to the National Transportation Agency, which of course will be considering the application of Canadian National Railways in this respect.

Senator Stewart: Therefore the position of the government is that the Canadian National Railway is free to take this proposed sale to the National Transportation Agency, and that the government will do nothing whatsoever at this time to dispel fears that this sale will be consummated?

Senator Murray: Honourable senators, the act passed by Parliament has established a procedure in these matters. Canadian National Railways has reached a sale agreement with this company called the Cape Breton and Central Nova Scotia Railway, which, as my friend has pointed out, is a subsidiary of Rail Tex Incorporated of San Antonio, Texas. To effect that sale, CN must file an application with the National Transportation Agency, and the National Transportation Agency will have six months from the date it accepts the application to hear from interested parties and to make a decision.

NEW BRUNSWICK

FEDERAL ASSISTANCE FOR TRANS-CANADA HIGHWAY CONSTRUCTION—GOVERNMENT POSITION

Hon. John B. Stewart: I know firsthand that the government of the province of Nova Scotia is proceeding to twin the Trans-Canada highway in certain counties in eastern Nova Scotia. When one passes from Pictou County, which is in the federal constituency of Central Nova, into Antigonish County, which is in the federal constituency of Cape Breton Highlands-Canso, one really does not have to have one's eyes open to know that one has passed from a Conservative constituency into a Liberal constituency.

In view of the reported anticipation by the premier of the province of New Brunswick that very soon, perhaps next week, perhaps the week following that, there will be an announcement concerning additional federal assistance for Trans-Canada Highway construction in New Brunswick, can we in eastern Nova Scotia, perhaps next week or the following week, expect an announcement of similar federal assistance to Trans-Canada Highway construction in Nova Scotia?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I know the geography of which the honourable senator speaks, and I rejoice with him that progress eastward is being made from the New Brunwsick/Nova Scotia border through to Truro and Pictou. One can only look forward to good things in the future.

So far as Premier McKenna's statements are concerned, I have not seen them. I can only repeat what I said the other day on this matter. There have been discussions with the provinces with regard to the national highways system and a possible federal-provincial agreement on these matters. Those discussions have gone very well, but they have not been concluded. There are still some points of difference here and there, and therefore it would be premature, to say the least, to state that an announcement or even a decision is imminent.

THE CONSTITUTION

CHARLOTTETOWN ACCORD—CONTINUANCE OF SUPREME COURT AS HIGHEST COURT OF APPEAL

Hon. Philippe Deane Gigantès: Perhaps the Honourable Leader of the Government might help us a little with respect to a report in the Ottawa *Citizen* today regarding a continuing divergence between what Premier Wells thinks should be in the constitution with regard to the Supreme Court and what is in the legal text. This article in the *Citizen* says:

> Wells wants the text to specify the Supreme Court will remain the highest court of appeal for all federal and provincial laws, including Quebec civil law.
>
> The "best efforts" legal text released on the weekend doesn't rectify his concerns, Wells said.

• (1150)

Is this a mistaken report in the newspaper? Is it something that is being worked on now? Could you tell us what the state of play is on this matter?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, I am familiar with the issue only to the extent that the honourable senator is, having seen references to it this morning and recently in the media. There are a number of areas where I believe the parties to the Charlottetown agreement —

Senator Bonnell: Charlottetown accord.

Senator Murray: Accord.

Senator Frith: "Consensus" is the right word.

Senator Murray: —where the parties to the Charlottetown accord are agreed that some further refinement of the legal texts may be necessary—certainly that some further discussion of the legal texts would be necessary.

I must confess that as a layman I do not understand fully the point that Premier Wells is making. First, I am not aware that anyone has ever suggested that the final court of appeal in this country is elsewhere than the Supreme Court of Canada. In that I include civil matters from Quebec, although I am told, by people in a better position to know than I am, that not many of these civil cases come to the Supreme Court of Canada, for whatever reason.

Senator Frith: When you say "civil", are you distinguishing civil cases from criminal, or do you mean Civil Code cases?

Senator Murray: Civil Code cases, I am sorry. I thank the Honourable Leader of the Opposition.

Secondly, I have to observe that I did not notice any reference of the kind Premier Wells seems to be insisting be put in the legal text in the Charlottetown accord itself.

Senator Gigantès: What is being done to clear this matter up? Unfortunately, from my point of view, and yours, I am sure, these sorts of things are used by the "no" side here and there as saying, "There you are, they have not even agreed on the Supreme Court." It is not true, but any little point of stress of this kind is used by the Preston Mannings, the COR people and the "no" side in Quebec. There are people on the "no" side who are saying, "There you are; Wells wants to impose, to rub it in that we have to go to the Supreme Court of Canada." They have always had to, but what is being done to deal with this issue?

Senator Murray: Honourable senators, I can only say that the officials representing Premier Wells, as well as those representing nine other premiers, the Government of Canada, two territories and four Aboriginal associations were at the table for a good long time in recent weeks preparing a "best efforts" draft of a legal text. I think I can say with certainty that those officials were in continuing touch with their political principals throughout that process.

The draft legal text, the "best efforts" text, has been agreed to by Premier Wells' officials and by all the others. He himself would not have been taken by surprise by the draft legal text.

I think there is an agreement, as I said, that some of these matters may require some further discussion and, in some cases, refinement, but I think it is agreed to by all that that discussion will have to wait until the referendum campaign is over.

It may be that that discussion will have to take place at the ministerial or prime ministerial level.

SUPREME COURT—DISAVOWAL BY INDIAN NATIONS—GOVERNMENT POSITION

Hon. Philippe Deane Gigantès: Honourable senators, I have another question relating to the Constitution.

It seems that Chief Mercredi has a problem with several other chiefs who think that the court takes away from their nationhood because it puts their rights in a framework other than on the basis of the nation-to-nation treaties on which they think all their claims should be based. Let us suppose that Chief Mercredi is disavowed by many of these Indian chiefs and that the referendum passes, can all the various legislatures then proceed to accept the court even though it is opposed by several Indian nations?

Hon. Lowell Murray (Leader of the Government): Honourable senators, that is one of the most difficult questions of all. We faced it at the first of the first ministers meetings on Aboriginal and constitutional affairs, which was held under the chairmanship of Prime Minister Mulroney. The question was: What is the extent of Aboriginal approval that is needed for us, the political people, Parliament and the legislatures, to feel that we can and should proceed confidently with amending the Constitution in this respect?

In the event, as I recall, at least the Assembly of First Nations were offside, if I may put it that way. They were opposed to the consensus that was arrived at at that first ministers conference. It was decided that the governments should not proceed.

With regard to the present situation, I believe Mr. Clark met with Chief Mercredi as recently as yesterday. I believe Mr. Clark is meeting today with a larger group from the Assembly of First Nations in Squamish, British Columbia. I think it could be quite harmful for me to speculate on what is at the moment essentially a hypothetical question.

CHARLOTTETOWN ACCORD—RULES OF ELECTED SENATE—STATEMENT BY SENATOR ROBERTSON—GOVERNMENT POSITION

Hon. Eymard G. Corbin: Honourable senators, in the course of debate earlier today, Senator Brenda Robertson suggested that the Senate should write the rules for the new, so-called elected Senate if the referendum proposal is accepted by the people of Canada. Was that a joke, a government initiative or a *faux pas de deux* on the part of Senators Barootes and Robertson? If it is a joke, why does the government not consider having the members of the House of Commons write the new rules, or the provincial legislatures which will elect the new senators, since the new Senate will be the creature of the latter and subordinate to the former? What is the position of the government in this regard?

[Senator Murray.]

Hon. Lowell Murray (Leader of the Government): Honourable senators, I presume that question was put to the chairman of the committee.

Senator Corbin: No. I am asking it of you as Leader of the Government in the Senate. I specifically asked if this is a government initiative. I think Senator Murray has to stand up and put his comments on the record.

Senator Murray: Honourable senators, first, I was not here when the statement which my friend attributes to Senator Robertson was made. Second, it would not be my role to comment on statements she has made in her capacity as chairman of the committee. If she wishes to reply, that is provided for under our rules.

Senator Corbin: I do not care for a reply at this stage from Senator Robertson. She rudely left the house when I wanted to put this question. I am surprised that you, as government leader, Senator Murray, are not informed of everything that is said in the Senate by your back-benchers. You seem to be extremely well informed about what Liberals do.

I take it that it was all a joke. Let us leave it at that for now.

• (1200)

GENERAL AGREEMENT ON TARIFFS AND TRADE

AGRICULTURE NEGOTIATIONS—REQUEST FOR UPDATE

Hon. Peter Bosa: Honourable senators, the trade ministers of the United States, Canada, Japan and the European Community are meeting today in Cambridge, Ontario. Does the Honourable Leader of the Government in the Senate know whether there has been any progress in the GATT negotiations concerning agriculture?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not have up-to-date information on that matter. The honourable senator may know that President Bush has dispatched some of his advisors to Europe to meet with representatives of the EEC. From a political point of view, the President and the United States administration would probably like to have some resolution of this matter before the presidential elections next month, but the honourable senator's guess is as good as mine as to whether that is likely.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have one delayed answer to a question asked on October 14 by Senator Thériault regarding the effect on family income of the referendum vote.

THE CONSTITUTION

REFERENDUM QUESTION—EFFECT OF "YES" VOTE ON ECONOMY—STATEMENT OF PRIME MINISTER—GOVERNMENT RESPONSE

(Response to question raised by Hon. Norbert L. Thériault on October 14, 1992)

During a speech on October 10, 1992 in Steinbach, Manitoba, the Prime Minister was quoted as saying "the option is that if we maintain our unity and we vote yes on October 26, that Canada in the year 2000 can be a magnificent country, a country of 30-million people producing approximately a trillion dollars worth of goods and services a year, making Canada one of the richest nations of the 178 countries in the world, a country where the annual average income for a family of four will be as high as $91,000 a year, an increase of 25 per cent from today . . .".

The figures used to illustrate the benefits of a "strong and unified Canada" were all taken from last year's Speech from the Throne. The growth target of 25 percent in real per capita income, which would translate into an average income for a family of four of about $91,000 by the year 2000, is not overly optimistic. It is above the growth achieved during the 1980's (17 percent) but significantly below the growth achieved through the 1960's and 1970's (38 percent in each period).

ORDERS OF THE DAY

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

SEVENTH REPORT OF COMMITTEE ADOPTED

Leave having been given to proceed to Order No. 1 (Other Business-Reports of Committees):

The Senate proceeded to consideration of the Seventh Report of the Standing Senate Committee on Energy, the Environment and Natural Resources (energy production and use in Canada) presented in the Senate on 14th October, 1992.

Hon. Dan Hays, Chairman of the Standing Senate Committee on Energy, the Environment and Natural Resources, moved that the report be adopted.

He said: I thank honourable senators for granting leave to deal with this matter now. It is uncertain when we will conclude today, and if we do complete the business of the Senate today and do not sit until December, the time that the Senate has allowed for the committee to report on its current special study will have expired.

This particular order is a report of the committee requesting the Senate to extend the time to report from November 30 currently, to February 12, 1993. The committee originally thought that the November 30 deadline could be met. However, it does not now appear that that will be the case. In any event, the February 12 deadline would give us ample time. We are now under way with our hearings and those hearings will probably conclude towards the end of the month. However, the time taken to write the report will take us beyond the November 30 deadline.

Motion agreed to and report adopted.

INCOME TAX ACT

CHILDREN'S SPECIAL ALLOWANCES ACT

FAMILY ALLOWANCES ACT

BILL TO AMEND—THIRD READING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Spivak, seconded by the Honourable Senator Cochrane, for the third reading of Bill C-80, to amend the Income Tax Act, to enact the Children's Special Allowances Act, to amend certain other Acts in consequence thereof and to repeal the Family Allowances Act.

Hon. Mira Spivak: Honourable senators, it should be recalled that Bill C-80 was introduced to overcome some of the weaknesses of the current child benefit system and, in particular, to achieve two objectives: To streamline the delivery of child benefits and to concentrate greater benefits on low-income families.

I think we need to revisit the roots of this bill. Although I have every admiration for the thespian talents of, in particular, Senator Royce Frith, I think we need to get back to the essentials of the case here.

The basic component of the proposal in the new child tax benefit program will replace the three largest programs currently in place: The refundable child tax credit, the family allowance, and the non-refundable child tax credit. In addition, the new system introduces an earned income supplement for working poor with employment incomes of $3,750 or more.

The National Welfare Council in its press release accompanying its report, *The 1992 Budget and Child Benefits,* says:

> The new child tax benefit proposed by the federal government is a reasonable starting point for improving the current system.

That is basically my position. The council goes on to suggest modifications in the legislation which in their opinion would improve it. But the important point to note here, before I go on to recount the deficiencies of the current system, is that Bill C-80, in essence, is a continuation of the evolution of changes to the child benefits program by basically rolling three different benefits into one and streamlining the delivery of child and family benefits.

As well, I would like to recap the universalist versus the targeted approach argument that I referred to in my previous address on this topic.

While family allowance was introduced initially in 1945 as a purely universal program, in 1974, as was mentioned here in this house, this was changed when family allowance was made taxable as ordinary income. The 1970 study entitled "Income Security for Canadians" expressed dissatisfaction with the family allowance as a means of relieving poverty. It was said that the payments were too low and did not direct enough help to lower income families—exactly the same arguments that are being made today. Since it was deemed that it would be disastrously expensive to increase the then existing allowances to an amount that would be significant for lower income families because it would have to be paid to all families, an entirely new approach was needed. That is the targeted approach.

That approach, known as the FISP proposal, was not adopted at that time. Rather, a proposal which made family allowances taxable was adopted in 1974. In 1978, part of the family allowance was replaced by a more targeted refundable child tax credit. In the 1980s, resources were shifted from the child tax deduction to refundable child tax credit.

In 1986, family allowance was no longer fully indexed to match inflation, and in 1989, the "clawback" was introduced. According to analysts, an additional advantage to the new system is the elimination of the clawback on family allowances which, while purporting to maintain universality of social benefits, in actuality eroded universality through a complex and cumbersome system of taxing back benefits.

Therefore a more targeted approach has been in the works for years, and a system which taxes back the benefits from the personal income of higher income families since 1974 is universal in appearance only because since it is taxable, it is selective in its real effects.

Let us recount the key problems of the child benefits program that Bill C-80 was designed to address. The delivery system is a mish-mash, as Ken Battle says. Benefits are delivered in various ways: A family allowance cheque is mailed monthly. There is an annual child tax credit that reduces tax liabilities and a refundable child tax credit that is mailed as a lump sum payment, after tax returns are assessed, although some families receive partial repayment in November.

There are different eligibility criteria for each program. There is the cumbersome process for higher income families receiving benefits for a year, followed by all or most of the money recovered at tax time. Family allowances are taxed and recovered on the basis of individual income, which means that families with similar total incomes may receive different levels of benefits. Family income is a more equitable basis for directing benefits to children.

● (1210)

Delays in payment mean that modest-income families, for whom the refundable tax credit may represent more than half of federal child benefits, may have to wait more than a year to receive full credit, thus tax discounters flourish and families sacrifice part of their benefits to meet immediate needs. This is a very longstanding problem. I am particularly familiar with it. It has been a longstanding problem on Main Street in Winnipeg. I once did a report on tax discounters, who prey on low-income families, so I am familiar with the problem.

[Senator Spivak.]

Since the full amount of the refundable tax credit is paid only after tax returns are assessed, families which must pay for their children's needs every month may have to wait more than a year to receive the full credit. The monthly child benefit payment proposed in Bill C-80 eliminates the delays which can be so difficult for modest-income families.

Low-income families with children who move from social assistance to the workforce are often faced with increased financial difficulties as a result of employment related expenses and the possible loss of provincial social assistance benefits. The present system does not address this problem and it has been a longstanding criticism of this system that it does not target the working poor. Assistance to the working poor and low-income families was proposed by the Senate 1991 report, "Children in Poverty" and also in the House of Commons report of December, 1991, on children. It was also recommended by the National Welfare Council, The Department of Health and Welfare and others in the social policy field as far back as the seventies. Note that the earned income supplement does not draw lines based on whether someone receives social assistance or not. The supplement will go to families who receive social assistance and also have earnings.

Therefore, the advantages of the new scheme are the following: First, it rationalizes the delivery system and the eligibility criteria. Most observers applaud this move. It puts $400 million a year, added to the $4.5 billion for 1992, into the child benefit system targeted to lower-income families. Surely this is an improvement over the status quo.

The opposition argument is that while $2.1 billion is being put in, $3.5 billion has been taken out because of partial deindexation. Ian Bennett, Senior Assistant Deputy Minister of the Policy Branch, quite flatly states that the $3.5 billion figure is incorrect. It ignores the fact that the federal government increased by four times the refundable child tax credit and introduced a supplement for children under seven of $213 per year for those parents who do not claim child care expenses. The increase for those at the bottom end of the income scale—a key argument of the opposition here—has more than kept pace with inflation.

I obtained these figures from the tax policy branch of the tax department. These are not my figures, but those of the tax policy branch.

Senator Frith: That is the government.

Senator Spivak: These are civil servants. They were civil servants under the Liberal government.

Senator Cools: No, no.

Senator Hastings: Not that bunch.

Senator Spivak: These are from a chap who spends all his time on computers. They are not even from Ian Bennett.

In 1985, the maximum child tax credit was $384 per child and family allowance was $375, for a maximum total of $759. In 1992, the maximum refundable child tax credit is $601 and family allowance is $419, for a maximum benefit of $1,020. This translates into a 34.4 per cent increase in the level of benefits per child for low-income families between 1985 and 1992, which exactly matches the increase in the Consumer Price Index over the same period. In addition, the introduction of the under-seven supplement to the refundable child tax credit in 1988 has ensured that the increase in the level of child benefits paid to many low-income families has more than exceeded the pace of inflation. The under-seven supplement is worth $213 in 1992.

Ken Battle, for whom I have the utmost respect, in his appearance before the Senate committee said that it was his understanding that the $3.5 billion did not take into account these increases which have protected the lowest incomes from erosion by inflation. He said he would have to check with Richard Shillington, but his understanding was that that $3.5 billion did not take that into account—that is, the increases in the refundable child tax credit and the introduction of the under-seven supplement.

Senator Frith: We know what Mr. Shillington said.

Senator Spivak: Just a moment. I prefer to take my —

Senator Frith: Naturally, but you might read what he said before the committee.

Senator Spivak: This is a debatable point. This is what the tax department says. You can argue with the tax department. I will have more to say on this later.

Senator LeBlanc: That is the tax department's script.

Senator Spivak: You used figures from the tax department when it was in your interest to do so.

Senator Hastings: Never.

Senator Spivak: Give me another source that is better than the tax department. These are complex figures.

Senator Cools: We have seen how reliable they are. Look at the UI committee report.

Senator Spivak: We are making an argument here about the poorest, those with the lowest incomes, and I am as concerned as you are about making sure that their gains are not eroded by inflation. All we are arguing about is whose figures are right. I am only giving you what I have been able to dig up. If you can dig up better figures, great.

The second point made about the new moneys, the $2.1 billion, is that there is nothing in it for welfare recipients. While it is true that this legislation is targeted to the working poor, 180,000 of the 490,000 families on social assistance will receive increased benefits. In fact, 2.4 million families will receive higher benefits. The level of benefits is also higher for larger families. Remember that the $75 for the third child is an addition, although that does not apply to many families. Families on welfare will also benefit from monthly payments, rather than payments on a yearly basis, and from the elimination of tax discounters.

Also, within the social assistance provided by provincial governments a number of benefits in kind are provided to social assistance recipients, such as coverage for dental care, prescription drugs and eye glasses. The earned income supplement is an attempt to redress this imbalance for the working poor.

The last point is that 84 per cent of Canadian families will receive benefits under this system. So it is not exactly kosher to say that the federal government does not —

Senator Frith: Another way of saying it is "tref", which is "not kosher".

Senator Spivak: I do not buy the argument that the federal government does not recognize the extra financial burden of families with children as opposed to those who have no children.

Many of the suggestions made by social policy groups to improve the legislation are entirely valid, but they do not contradict the principle of this legislation. Better targeting of benefits, full indexation, and measures to prevent provincial and territorial governments from reducing the amount of benefits received by families once the new child tax benefit comes into being should all be supported. The federal government should, as the National Welfare Council has suggested, take steps to ensure that all families eligible for the new child tax benefit actually do receive the benefit.

However, we cannot load all of the deficiencies of all of our social policies on this one piece of legislation. It is only a step in combatting child poverty. It does not introduce a national child care program. We need to continue to advocate such a program, which is a vital element in combatting poverty.

Before the committee Dr. Glossop said, as reported at page 21:70 of the Senate committee's report:

> A coherent strategy to address the tragedy of childhood poverty must address the poverty of poor parents with policies and programs designed to enhance economic development and employment creation; to reduce the wage gap between men and women and to eliminate employment discrimination —

Senator Frith: This is the same Dr. Glossop that was adamantly opposed to this legislation?

Senator Spivak: Yes, the same Dr. Glossop. I am quoting from what he said and I agree with him.

• (1220)

Senator Frith: Do you agree with everything he said?

Senator Spivak: I am quoting:

> . . . to reduce the wage gap between men and women and to eliminate employment discrimination against native peoples and other visible minorities; to reform family

> law to better protect women and children from the economic consequences of marital dissolution; to subsidize social housing; and, last but not least, to create a system of affordable and accessible child care to which poor parents can turn as they seek to support themselves and their children through their initiative to secure employment, education and retraining.

Senator Frith: Do you agree with what he said at page 69 also?

Senator Spivak: No.

Senator Hastings: She is selective.

Senator Frith: I did not think you would.

Senator Spivak: I have not analyzed what he said at page 69, and I will be happy to do so later.

The Hon. the Acting Speaker: Honourable senator, I wish to inform you that your time has expired. Is leave granted, honourable senators, to allow Senator Spivak to continue?

Hon. Eymard G. Corbin: Honourable senators, I refuse consent. We are working under a time limit, and a number of us on this side want to make sure we get our points on the record. It is not an opposition-imposed time little; it is a government-imposed time limit. I want to make sure that there is time for me to speak.

Senator Murray: There are six hours. You are free to fill them.

Senator Spivak: Does that mean that I cannot finish my speech?

The Hon. the Acting Speaker: Leave has not been granted. Further debate?

Hon. Anne C. Cools: My sympathies to you, Senator Spivak.

Honourable senators, I am sorry that Senator Spivak did not have an opportunity to complete her remarks. I was listening to them with some interest. I am aware that Senator Spivak is quite accomplished at giving eloquent apologies for the government, so I would have been happy to listen to the rest of her speech.

Honourable senators, I wish to add my voice to those who are opposed to this bill, Bill C-80. I would also say that there is a most interesting phenomenon at work here at this precise moment, because I am standing directly opposite the sponsor of this bill, Senator Mira Spivak, and directly opposite the seconder of the motion on this bill, Senator Ethel Cochrane. I am standing facing four women directly across the way. As I become aware of that, my mind is quickly called to the tablet at the front of this Chamber which has been placed there in memory of women such as Nellie McClung. Nellie McClung was the woman who said that this country, Canada, was "the land of the second chance and the land of the fair deal."

[Senator Spivak.]

Honourable senators, I do not want to review the issues of time allocation and closure and the issue of the lack of respect for the institutions of this country. Senator Frith has dealt adequately with those. However, I would underscore what has been said by stressing the fact that the disrespect of democratic principles in Parliament has been a hallmark of this government. Indeed, it has been a feature of this government and a blemish on this great institution.

I want to begin my remarks by quoting a Throne Speech from 1944, the Throne Speech of the government of the Right Honourable William Lyon Mackenzie King. I read as follows:

> The family and the home are the foundation of national life. To aid in ensuring a minimum of well-being to the children of the nation and to help gain for them a closer approach to equality of opportunity in the battle of life, you will be asked to approve a measure making provision for family allowances.

The intellectual framework behind the concept of child allowances—known as family allowances—was developed by many. However, it was the brainchild of the Right Honourable William Lyon Mackenzie King and was forged in his attempt to implement the Atlantic Charter of 1941. As we know, the Atlantic Charter was based on eight principles, one of which was the freedom from fear and the freedom from want.

The intellectual development of this concept was fostered by the work and reports of Dr. Leonard Marsh and Sir William Beveridge. As honourable members will know, both of these gentlemen were eminent social thinkers of the day. In addition, the concept was supported by Lord Keynes. He was one of the most influential economists of his time.

Honourable senators, we are talking about a concept of our nation adopting in legislation these principles of freedom from want and freedom from fear in the form of allowances for children. I want to reiterate that by quoting from the Throne Speech of 1943, also of the government of the Rt. Hon. William Lyon Mackenzie King. Sessions in those days were a little shorter than they are now.

> It is in the general interest that freedom from fear and from want should be the assured possession of all.

"The assured possession of all," honourable senators. That is what the Throne Speech of that day clearly articulates. That articulation was to be embodied in the legislation and, when enacted, was to have the effect of giving cash allowances to mothers for children's needs.

The concept of children's allowances to mothers was drawn originally from the military forces. However, I shall not dwell on that because there is a wealth of information available for those who wish to do research. However, I do believe that within the military such allowances had been administered by the Dependents' Allowance Board.

The Liberal government of the day had appointed several committees to study these matters. These committees included the Committee on Reconstruction, which in turn included a

Subcommittee on Women. This particular group reached a conclusion that was written into their report as follows:

> It is the only system yet devised which will remove the poverty arising from the fact that a man's wage must be based on the product of a man's labour and not on the size of his family.

Honourable senators, it is to be noted here that the term "man" literally meant males, because in the development of the original Family Allowances Act, there was a lot of concern that relief be given to men. After all, it was the males of the family who shouldered the responsibility of earning wages to support wives and families. It is a very interesting concept. I hear no talk whatsoever about that among a large sector of the women's movement today. However, the concept was that relief should be given to those men who shouldered the responsibility of being the sole wage earners in the nuclear family.

It is to be noted, honourable senators, that in his sensibility, the Rt. Hon. William Lyon Mackenzie King took counsel from the women of Canada. As a matter of fact, it was a certain Mrs. McWilliams who recommended that the apportionment—that is, the money itself —be given to the woman; that it should be allocated to the woman, to the mother of the family. Obviously the government took women's advice very seriously, and implemented it.

For several generations, honourable senators, the baby bonus was the money, the cash that women called their own. It was their money. Anybody who has worked with families understands that fact.

When I speak like this, I wonder how the women Tory senators across the way can sit with straight faces, but they seem quite accomplished at it. They have had a great deal of practice.

My point is that the Rt. Hon. William Lyon Mackenzie King's initiative was a statement to women at a time when the country and the world was recovering from a war. I repeat, it was a statement to women. In addition, it was a great advancement towards social justice and natural law. I would like to cite the words of our Late Honourable Senator Salter Hayden. Senator Di Nino is not here, but I noticed yesterday that Senator Di Nino was quick to tell us that he had worked in the financial industries or the financial services sector for 36 years. Honourable senators, Senator Salter Hayden was the most eminent mind in this country on banking. About this particular initiative, in 1944 Senator Salter Hayden said that it was a great advancement "towards social justice and natural law".

● (1230)

This is a banking-minded man speaking. I would add that Senator Salter Hayden, in his remarks, noted that in point of fact legally and technically it should not even have been called family allowance; it should have been called "Income to Children" because, honourable senators, that is what it was. It was a form of a child income. I will quote Senator Hayden on that. He said, "I think this legislation might more properly be termed a child income bill."

Senator Salter Hayden at that time made the distinction between charity and social justice—a distinction which it would do well for the honourable senators on the other side to begin to comprehend. As a Liberal, I am always respectful of our tradition of the combination of money and humanity—that is, business intelligence and social justice.

The Right Honourable William Lyon MacKenzie King's measure fulfilled four objectives: First, it provided income to children and mothers, thus providing for the welfare of children. Second, it provided support and recognition for the advancement of the role of women. Third, it understood the needs of human beings for social justice, and fourth—and no one on the other side ever talks about this, it supported the economy by establishing a minimum level of consumption in the macro-economic sense.

That is very interesting because it is always the tendency of those on the other side to portray us as "bleeding hearts". For example, Senator Hébert has been called a bleeding heart, but in any analysis we Liberals have always been better managers and certainly better economists.

The Right Honourable William Lyon MacKenzie King's initiative supported the economy by guaranteeing an amount of cash money flowing directly into consumption in the economy. It further assured the speedy movement of that cash towards the purchase of goods and services by placing it in the hands of mothers, who saw it as their spendable money and spent it freely on behalf of their children.

This baby bonus was a consistent infusion of money by the government into the economy, assuring a floor under consumption and, consequently, assuring minimum consumption. This, as always, demonstrates not only the differences between the Tory view of government and the Liberal view of government but also the fact that the Tory view of government stands in sharp contrast to the Liberal view. Tories try to become the government so that they may eliminate it. Simply stated, their philosophy is that small government is better than big government. Consequently, no government is better than small government.

Prime Minister Mulroney has placed persons in his cabinet who work for the separation of Quebec from Canada. He brought senators into the Senate chamber to dismantle the Senate! The Tory government embodies some interesting concepts that I would best describe as participation for termination.

Senator LeBlanc: And the cabinet is fairly big.

Senator Cools: Liberals build governments to provide individual citizens with the strength of many—that is, the collectivity–and Tories dismantle protection from the economic loss in the society. That is rugged individualism and survival of the fittest. Honourable senators, that is the law of the brute, the law of the jungle.

Let us look briefly at what Tories were saying in 1943 and 1944. Let us look at who stood where and what was said on each side of the issue. For example, it is historically well-known that Premier George Drew of Ontario was vigorously opposed to the measure. There may be some of us who are not aware of that, but the majority of us know that.

Let us look at the words and views of some of the Tory senators in the *Debates of the Senate*. We may discover in this endeavour that history does repeat itself. We find in the personages of many senators then sitting in the Senate chamber that they are to today well represented. For example, let us look at one particular Conservative member of the Senate, the Honourable Senator Ralph Byron Horner, an honourable senator from Saskatchewan. I observe that Senator Barootes is sitting over there. I am sure that Senator Horner must have been a hero for him. Let us just look at some of the things that Senator Horner was saying. He said:

> . . . I feel it is my duty as a senator to oppose the Bill. I believe one of the purposes for which the Canadian Senate was created was that measures such as this, when brought down at a time like this, should be defeated. I am going to argue that there is no necessity whatever for the bill.

He continued:

> I would say that in countries which have passed laws like this the children do not belong to the homes, but are creatures of the State. If we pass this Bill, who is going to claim with pride that he raised a large family? A man will no longer boast of how many children he has brought up. Instead, he will have to admit that the Government helped him. He will say, "The government and I raised a family."

Senator Murray: He was your former colleague's father.

An Hon. Senator: Whose father?

Senator Cools: He was the father of the Honourable Jack Horner. But allow me to continue:

> What incentive is there for thrift and industry when such a heavy burden of taxation is piled on us to provide for unemployment insurance, mothers' allowances and old age pensions?

You would think that this was levity but this man was quite serious. He went on to state:

> Some time ago I read an article on successful men of the United States, men prominent in industry and business. It stated that 99 per cent of those men came from large families and had to get out and earn their own living when they were only twelve years of age. If there were family allowances during the boyhood of the Great Emancipator—

Senator LeBlanc: Or working in the coal mines.

The Hon. the Acting Speaker: I regretfully inform the senator that your time is now up.

[Senator Cools.]

Senator Cools: Well, I am at your mercy. Will my honourable colleagues grant leave?

Senator Spivak: Certainly. By all means continue.

The Hon. the Acting Speaker: Is leave granted to extend the time?

Senator Corbin: Honourable senators, I rise on the Speaker's Question. I am not sure, but I want to live and die by the rules. Earlier, I refused consent because the Chair informed the house that senator Spivak's speaking time had expired, 15 minutes, as I understood it. Yet I see in our rule book on page 38 under rule 38(3) that:

> The sponsor of a bill and the first senator speaking immediately thereafter shall be permitted not more than 45 minutes each for debate inclusive of any questions . . .

Senator Spivak is the sponsor of the bill. She moved that we proceed to third reading. I am not suggesting that the Chair led us into error, but could we have a clarification of that rule? If she did have 45 minutes, then I had no business blocking consent. I would be agreeable that she continue her speech, if she does have 45 minutes.

The Hon. the Acting Speaker: My understanding is that we are into a time allocation motion right now.

Senator Murray: No; we have passed the time allocation.

The Hon. the Acting Speaker: I should like the Table Officers to ensure that I have the right information.

• (1240)

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on that point the rule is just a little ambiguous, but it seems to me that it is exactly the kind of rule we should resolve in favour of generosity, rather than the other way, as Senator Corbin says.

> The sponsor of a bill and the first Senator speaking immediately thereafter shall be permitted not more than forty-five minutes each for debate, inclusive of any question or comments from other Senators which they may permit in the course of their remarks.

It says "debate"; it does not say "second reading" or "third reading". Senator Corbin, I think those on this side and perhaps many of us feel that, because the rules have become more restrictive than they used to be, we should interpret them as generously as we can. The generous interpretation of that rule, it seems to me, is that Senator Spivak would have 45 minutes at any stage of debate on the bill.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think that is the case. His Honour referred to the allocation of time motion. We are beyond that stage; that motion has already been passed. As he has reminded us, however, there is a ten-minute limit on speeches from senators, except for the Leader of the Opposition and the Leader of the Government who have 30 minutes each.

Senator Frith: I suggest that we interpret the rule generously, if it is agreeable to Senator Corbin.

Senator Corbin: I am generous.

Senator Frith: Perhaps we could let Senator Cools finish, and then go back to Senator Spivak.

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

Hon. Senators: Agreed.

Senator Cools: Let me express my appreciation for the generosity of honourable senators. It is reminiscent of the Senate, pre-GST, and I welcome it most heartily.

I was remarking on the statements of the Honourable Senator Horner about men working at 12 years of age. Obviously, this is a magical number for him. I shall continue:

> If there were family allowances during the boyhood of the Great Emancipator I doubt very much whether he would have developed as he did. At an early age he had to go out and work to provide for his education.

Honourable senators, this man is speaking in 1944. This is not a speech on the pre-reform bill of 1832. This is 1944 in this very chamber. He continues:

> I believe it is the particular and peculiar duty of the Senate to reject this measure. This Chamber was created to prevent the enactment of such legislation. When everybody is earning plenty of money, it is nothing short of a crime to pile this additional burden on the taxpayers of Canada.

The old boy does not end there. He continues:

> How will our boys appreciate the value of money when they do not have to get out and earn it? How can we expect them to develop into great men if the government takes them in hand from the day they are born?

Honourable senators, Senator Ralph Byron Horner provided a tremendous insight into himself when he said:

> This so-called far-advanced legislation may suit a totalitarian state or an old country of small extent, but I do not think it is necessary in a great new country like Canada. If I may make a personal reference: At 12 years of age I was working in the woods handling great logs; I knew many boys at that time who, like our present-day agitators, enjoyed a high standard of living with not very much to do. I am very sorry to say that all of them have passed to the Great Beyond; I am still going strong.

Senator Horner was indeed still going strong, and he lived for many years after that.

I would say that a person must be judged by the company he keeps. Tories are Tories, and modern-day Tories are just as contemptuous of Canadians as were the Tories in those days. I refer in particular to the Honourable John McDermid, Minister of State for Finance and Privatization, who on May 13, 1992, appearing before the Senate Standing Committee on National Finance which was studying at that time Bill C-21, the Debt Servicing and Reduction Account bill, remarked in an aside privately to one of his officials—and I quote this directly: ". . . there is a sucker born every minute . . .", a statement which the committee reporter generously omitted from the proceedings, but which was heard clearly by all those present. I may say, honourable senators, that those of us who heard it were jolted and shocked.

Honourable senators, it has come to pass: Some decades later the Tory senators have had their 1944 wish to defeat the Family Allowances Act fulfilled by this initiative that we are currently debating. Just as the Honourable Senator Ralph Byron Horner has, in his words, gone to the Great Beyond, so will this government. I am quite confident that this government will follow him sooner rather than later.

Honourable senators, it has been said about the Right Honourable William Lyon Mackenzie King that he was a great politician, a great humanitarian and a great Christian who implemented the Atlantic Charter in Canada. Of him it is said that he had a largeness of mind, a loftiness of spirit and a great breadth of heart. In addition, it has also been said that he governed with great diligence, great intelligence, great compassion and that he had a keen sensibility to the principle of freedom from want and freedom from fear.

About the current Prime Minister, no such statements have been made, nor do I think they will ever be made. As a matter of fact, I have observed that our colleagues on the other side of this chamber rarely praise their Prime Minister. There have been occasions when they have mentioned him, but rarely in laudable terms. I have observed that they support him but they never speak of him in praiseworthy or noteworthy terms.

Think, my colleagues, freedom from want and freedom from fear; the assurance that all the people of this land, Canada, may live out their lives in freedom from fear and want. Freedom from fear—fear, honourable senators, is the dominant emotion in Canada today; crippling fear, paralysing fear, fear that is mind, body and soul destroying. Fear has been the hallmark of this present government. Fear has been an instrument for this government.

Senator Spivak and Senator Di Nino have lead on this bill here before us. I gather that it is their intention to say that here, today, has died another important piece of Canada. I do not know, but perhaps it is Senator Spivak's intention to place a plaque outside this chamber, adjacent to the plaque commemorating Nellie McClung, Emily Murphy and others. If she were to do that, I would suggest that the plaque should read:

In Memoriam
Here lie the baby bonus and universality.
Father—the Right Hon. William Lyon Mackenzie King
and his
Liberal government.
Mother—all the women of Canada.
Survived by—27 million Canadian siblings.
Died: January 1, 1993.
Cause of death: The Tory guillotine.
Age: 47 years.

• (1250)

Buried in the Canada Cemetery,
in the company of much that is dear to Canada,
and finally laid to rest in the burial plot immediately alongside the plot that is the Senate of Canada.

Honourable Senators, it is precisely because of the irreverent nature of this government, led by an irreverent Prime Minister who lacks any humanity, and the irreverent nature of this hard-hearted bill, that I cannot support this legislation, Bill C-80.

Senator Spivak: Honourable senators, I thank the Leader of the Opposition for his quick thinking and his gracious lead, as well as Senator Corbin, for allowing me to finish my speech.

First, in response to Senator Cools, in Shakespearean thought when there is the death of the old order there is a usually a rebirth. I do not see the family allowance dying without anything to replace it. In fact, that is not the case.

Perhaps I may continue to talk about what needs to be improved in the legislation. We need to continue to ask for strict measures to evaluate the impact of social policy legislation on child poverty. We need to continue to monitor child benefits, as has been done in the past, to ensure that they keep pace with inflation for those with the lowest incomes. That case was most eloquently argued before the committee by Ken Battle.

In terms of whether or not to pass this bill, let me say that $2.1 billion is a large chunk of money for those with low incomes; it is better than the status quo. The child care expense deduction is not in this bill, but in the 1992 budget; it does not form part of this bill. Over five years that child care expense deduction amounts to only $135 million; however, if both the child tax benefit and the child care expense deduction are added together the total is $2.2 billion in increased benefits over the next five years, and 80 per cent of that increase will go to families who earn less than $40,000 per year.

I do not agree with Senator Hébert that this legislation benefits the rich and not the poor. I do not agree with Senator Frith that the status quo is better than passing Bill C-80. I do not say that this is the best piece of legislation that could have been produced. I am simply a supporter of the government. I am not a member of that government and I do not make the decisions. My contention is that one should support improvements and continue to work for more.

[*Translation*]

Senator Corbin: Honourable senators, on September 29, I told you that, rushed by the Conservative government's undemocratic tactics, I was unable to complete my research into Bill C-80.

Nevertheless, I showed you, with supporting quotations, that the bill contains serious deficiencies, such as the Conservative government's refusal to index the new benefits to the actual inflation rate and its stubborn insistence on making distinctions among the least fortunate in our society by treating the poorest of the poor differently depending on whether they have income from work or not. This comes during a serious recession when jobs are disappearing before our eyes and we do not even know exactly how many people are without work because this government, to hide its many sins of commission and omission, has changed the way statistics are compiled in order not to have to count those who have given up all hope of finding employment, who therefore are not looking for work are not registered at the employment centre.

[Senator Cools.]

Yesterday Senator Frith gave us a masterly analysis of the cavalier fashion in which our opposite numbers acted in the process of considering Bill C-80. I congratulate him for it, although my ears were shocked to hear to what depths this Conservative government might sink.

I will not mention Senator Murray; we know him too well. I will say in passing that I am frankly disappointed with Senator Lynch-Staunton's performance; it is all very well to be partisan, but there are still limits to subordination.

I will say that I was very, very, very disappointed with the behaviour of Senator Kinsella, the acting chairman of the Social Affairs, Science and Technology Committee and my dear colleague from New Brunswick. He is a fellow New Brunswicker and for that reason alone, he really let me down. As acting committee chairman, he could have followed through what he told the House after second reading of the bill. But he did not; he submitted to Senator Kelly's urgings. It is very sad that a man of his calibre fell into the trap of partisanship. And where was Senator Robertson, a former minister of youth, welfare and health in New Brunswick? Where was that great defender of Acadian causes, the Hon. Jean-Maurice Simard, a former finance minister, treasury board president and minister responsible for civil service reform in New Brunswick? Do they care about the shortfall for New Brunswickers and the most disadvantaged under this new benefit for mothers, and possibly fathers, with children?

Oh, what a sad time we live in under a Conservative government. The saying "Tory times are hard times" has never been as true. The present Conservative government may even prove to be worse than the Bennett regime.

Well, nothing has changed since September 29. The government used its steamroller in committee to force this bill through and refuse to hear the many witnesses who wanted to be heard. The hearings of the Standing Senate Committee on Social Affairs, Science and Technology were only a show put on by the Progressive Conservatives to lead the Canadian public to believe that the democratic process had been respected, the decision having already been made to the proceedings. What a farce! In fact, I think they make fun of the public, whose favour they no longer enjoy.

Alas, this bill will add to the burden that poor families in Canada have to bear.

Honourable senators, I would also like to share with you a note that I received from a citizen of New Brunswick. He says:

> Dear senator, the national social security system left to us by King, St. Laurent and the late Paul Martin is being taken apart. What is the Senate doing about it? Greetings.

With that, he sent me a copy of the *Telegraph Journal* of Thursday, October 1, 1992. As you see on page 8—I will describe it to you —there is a cartoon in the upper right corner. It is on your right as you look at it. We see the Prime Minister of Canada sweating heavily, wearing a top hat, striped pants and a bow tie and wielding a long-handled shovel as he buries the "baby bonus 1992". Next to him, we see a grave where the remains have already been buried and on it we read "sacred trust". Further on, we see "Via", another victim of the Mulroney gravedigger. That is how public opinion is reacting in New Brunswick.

I will remind you that I spoke briefly about the white paper on the new child benefit and the truncated debate on it in my speech on September 29. I return to this white paper to point out another omission, serious and no doubt intentional: it makes no mention of a national child care program. Nevertheless, such a program was already part of the panoply of promises the Conservative government made in 1984. What has become of this famous program at the very time when day care is increasingly necessary for the well-being of thousands of Canadian families? Has it disappeared with Flora MacDonald? A national child care program should be an important part of a strategy to fight poverty and help young people in Canada. The Conservatives turn a deaf ear.

Here is what Martha Friendly of the National Action Committee on the Status of Women had to say in her too brief appearance before the House of Commons Legislative Committee on Bill C-80 on July 14, 1992:

[*English*]

> Without access to reliable child care, parents of young children can't go to work, they can't go to school, they can't participate in job-training programs, and they can't leave the welfare and unemployment rolls. In the short term, child care is an essential family support system. In the long term, research documents show how high-quality child care is an asset to healthy development for children from all income groups.

[*Translation*]

This bill cannot even pretend to offer an acceptable alternative for this major deficiency. No measure is planned to provide at least a child care tax credit. The government's arrogance and lack of social conscience show through particularly when they say that those who work will be rewarded and those who cannot have their children cared for while they go to work, often for low pay, will be punished.

In his white paper, the Minister of National Health and Welfare said that his new child benefit program would simplify the tax system. This is how it is simplified: the formulas for calculating the amount of benefits are so complicated that federal officials will have to calculate them. The minister himself does not understand this formula and could not do the calculation. What irony! And how many parents will be able to satisfy themselves that the officials' calculation is right? Let us hope that the officials are up to the task, as in the past.

The government's so-called simplification is also likely to be unfair, in that the amount of benefits will not necessarily reflect periodic fluctuations in family income. Twelve to eighteen months could pass before significant changes in a household's financial situation lead to a change in the tax benefit. Is that fair?

This is what Ken Battle of the Caledon Institute of Social Policy said when he appeared before the Standing Senate Committee on Social Affairs, Science and Technology on October 8, 1992:

[*English*]

> The problem is one of responsiveness to change of income. The new benefit will, of course, be based on taxable income in the previous year. . . . The problem is that they will not receive those benefits for some time, and the length of the delay will depend on when they lose their income, so there will be a delay between delivery of benefits and testing for the income of the family, and that I can see as a problem.

Senator Frith: That is the Ken Battle who was adopted so enthusiastically?

Senator Corbin: I have many more quotations from Mr. Battle, but time will not allow.

[*Translation*]

There is another problem on the horizon: the government will have to negotiate arrangements with the participating provincial governments so that the provincial authorities do not consider some benefits under the new system as earned income, which could result in a reduction of social benefits to the families. Only a coordinated approach of the various levels of government will avoid adding to the burden that needy Canadian families must bear. Nevertheless, this much-desired coordinated approach does not seem assured, judging by the testimony given to the Senate committee that studied Bill C-80. Furthermore, no representative of the provincial and territorial governments was invited to appear before the committee. To date, no agreement seems to have been reached between the federal and provincial governments. There are grounds for concern, judging by what Sherri Torjman, a research assistant for the Caledon Institute of Social Policy, told the Senate Committee on October 8:

[*English*]

> Mr. Battle and I have worked for several years developing models with respect to the welfare system and how people on welfare will be affected by various programs. We found that whenever a benefit is introduced at the federal level and has the effect of increasing benefits to

poor families, the provinces have invariably done something to negate the impact of that benefit. They will either not increase their own benefits or they will remove the proportional amount from their benefit. They will not index their welfare benefit. Invariably you have an off-setting effect so that the people generally do not benefit from any increase at the federal level. Therefore, unless you involve the provinces in the discussions or negotiations, there will be no net benefit for people at the lower end of the income scale.

[*Translation*]

In conclusion, it is clear that Bill C-80 does nothing new to help children living in poverty. This benefit program will not give a penny more to the people most affected, namely single mothers who live on welfare, or unemployment insurance if they still qualify for UI. John Kinlock of the Canadian Association of Food Banks well summarized the effect of Bill C-80 when he appeared before the Senate committee on October 8, 1992:

> — as a representative of food banks in Canada, I would have wanted to tell you that Bill C-80 will meet the needs of Canadian children who are hungry and who are forced to resort to the food banks.
>
> Unfortunately, this is not the case. Far from it. I would also have wanted to present our brief to you in the company of other representatives of our association. However, my colleagues, and thousands of other citizens, are busy right now organizing food drives, and a large proportion of the food they collect will go to the children who were forgotten by the parents of Bill C-80.

In addition, I share the opinion of those who believe that the government simply wants to use this new program to avoid following up its 1984 commitment to implement a national child care program. Something is wrong with the Mulroney government's social and fiscal policy, not with the family allowance program.

This bill, which pretends to reform a system that has proven itself, is only a trick to fool the most vulnerable Canadians.

This new child tax benefit program will never fulfil the promises that the Minister of National Health and Welfare, Benoît Bouchard, made to Canadians. The only purpose of this bill is to give the illusion that the present system is being renewed. Unfortunately, it will not meet the expectations of the neediest Canadian families.

Thank you, honourable senators.

• (1310)

[*English*]

Hon. Philippe Deane Gigantès: Honourable senators, without a doubt Bill C-80 falls within the ambit of Conservative economic philosophy. There is no doubt about that. When the Prime Minister was running for election in 1984, he tried to hide it. In the election preceding that, Mr. John Crosbie, in a moment of candour, said, "If we tell the public the truth, they will never elect us." After eight years of Tory rule, we know that if the public had been told what they were to expect, they would never have elected the Tories.

What is this philosophy, this Tory philosophy? It is supply-side economics. It is that if you make the rich richer, somehow something will trickle down to the poor. Unfortunately, it is a philosophy that has been adopted not only by Canada, as I was saying the other day, but by all the countries of the OECD since the late 1970s. In essence, all those countries increased taxes on those who have the highest marginal propensity to consume—the lower middle class and the poor. Consumption taxes hit those people first— which is one reason why I was fighting the GST.

They shifted the burden of taxation of deriving the bulk of their revenue come from company profits to individual income tax. At the same time, they have enacted over the years all kinds of measures which decreased the income tax burden on the rich. They have created loopholes galore and inducements to invest. They were doing this for the rich while decreasing their clientele.

Give a rich entrepreneur more money and, as I was saying the other day, he is not foolish, otherwise he would not have made money, and he will not invest in putting up a new factory and creating new jobs because the demand is going down. That is because taxation has made consumers poorer than they were before.

What will he do with his money? He invests and overinflates the stock market. He speculates on land, such as the Reichmanns and the Bronfmans have done. He establishes factories abroad to take advantage of lower wages, forgetting that if you pay an auto worker in Mexico $1.40 a day he will not buy a car. The auto worker here who has lost his job will not buy a car. Where is the advantage in that?

One of the reasons people with money like going to smaller, poorer countries is not only that they can get cheaper labour, it is because they feel that they have more clout over government. They do not like government.

I ask honourable senators to cast their minds back many decades. Cast your minds back some 122 years to the 1870 depression. It was a monstrous depression, much bigger than the one in the 1930s. It lasted until 1896. Commodity prices had collapsed—everything had collapsed. What do we see if we look at the taxation policy and the statements of people who were governing at that time? Exactly the same sort of thing that Mr. Wilson and his former stock exchange friends were saying. Every year they were saying, "Next year we will come out of this downturn in the economy." It lasted for 26 years.

How did that depression end? It ended because various governments finally realized what Keynes was to put formally into words much later—you have to encourage employment and give the poor jobs. They will then restore consumption and the economy can start moving again.

Senator Frith: Henry Ford said, "If the workers cannot buy the cars, we cannot sell them and we cannot make them."

Senator Gigantès: Thank you very much, Senator Frith. I would also like to point out—where is Senator Lynch-Staunton when I need him?—something said by Pericles in 449 BC. He made peace with the Persians. Suddenly, he had the whole manpower of Athens on his hands. They had been paid one silver drachma, which was one day's wage in those days, for serving the fleet eight months a year. Suddenly, there was no war. The fleet was cut down tremendously and they were unemployed. Pericles said, and I quote Plutarch's *Life of Pericles*, "Let us take the money from the basements under our temples, use it to build public works and pay these brave men and make the economy rich."

Pericles understood the situation. The people who brought us out of the great depression of 1870-1896 understood it. Keynes understood it. The Tories have never understood it.

Senator Murray: Where is the money under our temples today, pray tell?

Senator Gigantès: It has been proven that the quickest way to cut the deficit is to provide jobs anyhow.

Senator Murray: To spend.

Senator Gigantès: Where will the money come from? Unemployment insurance. Can you cut existing expenditures and divert them to create jobs? That can be done. The Tories have never tried to do that. A great deal of the care for the elderly could be provided by giving the jobs to people in the 40- to 50-year-old range who have lost their jobs. Things like that can be done, but that does not conform to Tory thinking.

Why? Because it means a role for government, and Tories do not want a role for government. Why do they not want a role for government? Because if you are rich and you have money, you do not like any public servant pushing you around and telling you what to do or enacting regulations.

By the way, one of the features of the 1870-1896 depression and how it ended was regulation. The rich were running amok. The banks in the United States had their own currency and they were speculating in it. They were swindling one another and everyone else. They had produced chaos. Regulation of financial markets was introduced and some discipline was introduced. But it was government discipline; it was not self-discipline.

Milton Friedman said, "If a business person tells you that he is doing whatever he is doing for the public good, he is either lying or he is cheating his shareholders." Milton Friedman went on to say that the one and only objective of a capitalist is to make profits, period. Not jobs; not to pursue the public good, but to make profits.

Bertrand Russell, in his book *A History of Western Philosophy* says that the world oscillates between two dangers, the danger of dissolution through anarchy by too much freedom which, of course, is the Conservative point of view. They want everyone to be disciplined except themselves. Thus, you have the anarchy of capital. The other danger is too much discipline, the socialist danger. Himself a socialist, Bertrand Russell concludes, nevertheless, that the only hope is liberalism, which is prepared to move between the two as circumstances demand. That is something the Tories do not understand. It is against their nature.

If we go throughout history, we can find examples of this. They always cause problems. Instead of searching for ways to maximize employment, they maximize unemployment. 2

• (1320)

Unless you want to adopt euthanasia and kill the unemployed and kill the welfare recipients, you have to do a minimum thing to feed them. If you do that minimum thing to feed them, that minimum thing is your deficit. I would be delighted to send any members opposite a copy of my book in which I demonstrate with figures that the growth of the deficit between 1967 and 1985 can be entirely attributed to the costs of paying for the unemployed above 4 per cent unemployment. It is there.

Strangely enough, this is not addressed only to the Tory party. It is also addressed to the economic conservatives in my party and we have some unfortunately. It is one of the things that make me doubt the existence of God. If God is good, why does he make people who think like that. Perhaps sometimes He, too, makes mistakes.

Bill C-80 is in that Tory philosophy. But we will not get out of this recession unless we do something to look after the poorest. Those on welfare are not going to get child allowances. They will have less money. There are rules in provinces that cut what these people receive if they try to make a little extra on the side. This is a Dickensian attitude, "the undeserving poor". Bill C-80 is an example of that, "the undeserving poor". If we are rich, God has elected us. Calvin said it. Spencer said it. If you are rich, you are the elect of God. And the rich, of course, immediately conclude that the converse of that is that, if you are poor, it is because God does not favour you and you do not deserve anything, you are the undeserving poor. This is an example of stupid Tory economics. Not just this Tory party, but the Tory party in Britain, Reaganomics in the United States, the policies in the whole of western Europe where unemployment has increased everywhere because of this attack on the role of government.

The attack on the role of government is not due to the fact that government has not produced. It has. It has produced a great many things which are useful—the infrastructures, the bridges, the roads, the health care system here. Compare ours with that of the United States. Theirs is 6 per cent of the gross domestic product, more costly than ours, and 56 million Americans cannot afford any medical care. Even Clinton is afraid to say that he will have a government health care system. Yet ours works better than theirs.

In the United States there is a movement against public schools. Mr. Bush now wants to give people vouchers in exchange for their taxes for schools. He will give them back this money so they can put their children in private schools.

Then you get to the point where you have empty places in the public school system because the more intelligent children are not there, but only the children of the poor, the hungry, the disadvantaged are there. The quality of the private schools falls further down so you give more vouchers and you abolish the public school system to all intents and purposes.

This bill is the result of the same thinking. This is the government that admired Mr. Reagan and wanted to imitate him. This is the kind of bill we are seeing, too. It is a bill in the Tory philosophy, and that philosophy has never produced good results, although it has produced occasional great depressions, which have been contained to some extent until Tory thinking and Tory economic policy took charge in the western world because the Tories bought the newspapers, TV stations, and radio stations. They bought the professors of economics to whom they gave fat contracts, like Mr. Lipsey, who arrived here as a good Keynesian and was then given lots of contracts to write anti-Keynesian stuff. He has bought his yacht and he is now the great defender of free trade, although I must say his conscience is beginning to tickle him a little and he is turning back again to neo-Keynesianism.

You are Tories. Resign! Get out of here. Don't try to pass this bill. Let the country recover.

Hon. Earl A. Hastings: Honourable senators, I welcome the opportunity to participate in the debate. I should like to commend those who have made contributions to the debate. We might have appreciated a little more contribution from those who support the bill. We heard from Senator Spivak, and I could not help wondering, honourable senators, while she was speaking about all of the great things this bill will do and the great contribution this bill will make to the poorest of our society, how it was that not one witness who appeared before the committee supported the bill—except the government witnesses, of course.

If this bill is of such great benefit and will create all of these good things for the poor in Canada, how was it that the government was unable to produce one witness in the committee hearings to offer some degree of support for this bill?

I do commend Senator Spivak for her spirited defence of a rather dismal cause. We heard about this $400 million per annum that will be put into this program. I guess we will hear a great deal about that. However, the implementation of this program fades into insignificance when you consider the $3.5 billion siphoned off from programs in 1985 when partial indexing was first introduced.

Between 1986 and 1991 the federal government withdrew an estimated $3.5 billion from the system. Notwithstanding the statements of the assistant deputy minister, his own figures, as I intend to show you in a moment, will prove that he was incorrect when he said this was not so.

The Tories siphoned off this money by partially de-indexing all aspects of the child benefit system. They did it by reducing by one half the value of the previous child tax exemption. Finally, they did it by reducing the child tax credit turning

[Senator Gigantès.]

point. That is the record of how they removed the $3.5 billion from these programs.

It is true that the government through this period has modified the system a number of times, each time proclaiming that it is targeting benefits toward the low income families. A review, however, of the current system reveals the sham and hypocrisy of that statement.

Honourable senators, the poorest of the poor receive no greater benefit today than they received in 1984. By the government's own figures, in 1984 the benefits were about $4.1 billion. With inflation, this should be $5.7 billion in 1992. However, the government indicates it will spend $4.5 billion in 1992, a slippage in one area of $1.2 billion. That includes these enrichment items to which we were referred and other little benefits that were thrown in along the line.

• (1330)

Clearly, they are spending less and giving no more to the poor. The $1.2 billion in five years is not new money. The new legislation tells us that the anti-poverty impact of the new system will be negligible and will provide benefits inequitable to different categories of the poor.

We have heard two or three times in the debate that 1 million families in Canada, which is about 20 per cent of Canadian families with children, will have a diminished benefit under Bill C-80 and over time, with the partial deindexation of the system, you can envision the day when the majority of Canadian families will receive absolutely no benefit from Bill C-80.

Honourable senators, I take a particular interest in child poverty and family violence. It is an area to which I have dedicated a great deal of time. We had a debate here recently with respect to increasing sentences and putting more people in jail for longer periods of time. I said at that time that we should look at the cause of the problem and make a contribution to solving that blight on society. I was particularly interested in what progress this legislation was making in the war on poverty.

I can do no better than place on the record again the evidence of Professor Peter Leonard from the Canadian Association of the Schools of Social Work. He said:

> In assessing the bill as a response to poverty, we must place it in the context of a number of factors. The first contextual factor is, of course, the extent and severity of child and family poverty as a major social problem which overwhelms the families and also . . . the social agencies whose task it is to help and support them. The most prominent victims are children and their mothers, as the rise in food bank use and the reported demographic distribution of their users clearly demonstrates. The impact of persistent poverty on the health, education and future ability of family members to contribute to society is, we believe, nothing short of catastrophic.

> . . . the unprecedented high levels of unemployment, which offer extremely bleak prospects of betterment to a large population of people who are poor. Despair is often their realistic response to their conditions of existence and their profoundly grim future.
>
> The lack of a national system of child care which would support and provide opportunities and hope for single parents in particular is itself a major issue. The lack of adequate subsidized child care places single mothers in the position of being unable to take such waged work as may be available, or to upgrade their skills . . .
>
> These factors in combination result in the production and likely continuous reproduction of an under-class of poor families and poor children, many of whom are attempting to survive well below the official poverty line. The consequences of this situation continuing or even worsening—the escalation of physical and mental illness, crime and delinquency, social disintegration and violence, alienation from and despair with the social system itself—are quite devastating, both for those directly involved as poor people, but also, we feel, for the social fabric of Canadian society as a whole.

He states, finally:

> . . . consider how Bill C-80 meets the situation when it excludes a substantial portion —those on welfare—of the most poor, gives no long-term protection to the value of the child benefits that it proposes, and gives substantially increased benefits in the form of child care expense allowances, for example, to those with high annual incomes of over $100,000.

As a society, we seem to be prepared to tolerate a million poor children. We are presumably being prepared to pay the long-run cost associated with this tragedy. A remedy to this problem, of course, as Senator Gigantès indicated this morning, has to be met on more than just one front. But will this child benefit resolve the issue of child poverty? Will it make a worthwhile contribution? It will not.

In fact, the levels of benefits available will be increased somewhat to the working poor but will be the same for the poorest of the poor. They have received nothing since 1984, and they look to nothing in 1992 from this government.

Those who rely upon social assistance get nothing, including many disabled persons, single mothers and their children. Moreover, because the system is indexed only partially to inflation, the actual value will be decreased.

Honourable senators, what is the record of this government with respect to the war on poverty, or at least solving the problem of child poverty in our society? In 1989, a unanimous resolution was passed in the House of Commons declaring that we would make our best efforts to see that Canada resolved the problem of child violence and child poverty by the year 2000. That did not cost a great deal of money. Then the government took part in the discussions at the conference on children. The Prime Minister voted in favour of a resolution that said, in part, that we would not put child offenders in custody with adult offenders. Of course, when he came home we had to ask to be withdrawn from the declaration because that is exactly what we do in Canada.

That is the record of this government. Neither one of those initiatives cost a great deal of money, but they provided photo opportunities.

The government has reduced its commitment in every area that could be used to address the problem of child poverty. It has limited its cost-sharing of post-secondary education with the provinces. This inevitably increases the burden on the provinces and the students, putting advanced education further out of the reach of poor children.

The government has limited its cost-sharing of social assistance in the three provinces with more than half of the poor population. Child benefits have been reduced in total with no increase for the poor. They are still talking about the child care program. I noticed that Senator Spivak said today that we must continue to support it. Well, we will continue to support it until another government is capable of initiating it.

The government's record with respect to the poor child is dismal and disgusting. I cannot understand how it can put this document forward as making any worthwhile contribution whatsoever with regard to child poverty and family violence.

Honourable senators, the programs of this government in the last four years have driven 2 million people to the food banks to collect private charity in place of public justice. In my own city of Calgary last year, 70,000 hampers were distributed. In Canada we now have 2,000 charitable food outlets. Placing that in context, honourable senators, in 1984 there was one food bank in Edmonton, Alberta. Today there are over 400 food banks in Canada. This government creates the conditions which force food banks, charitable donations, into the front line. This has been referred to as "the dirty secret" by Gerard Kennedy of the Toronto Daily Bread, Canada's largest food bank. Of course, they are mum on this crisis. They clam up about the volunteer army working to satisfy the basic needs, the management of which legally and morally belongs to this government.

● (1340)

In my own city of Calgary, to give you an indication of the growth of the food bank industry, in 1989, 15,000 hampers were distributed to 43,000 people; in 1990, 18,000 hampers to 52,000 people; in 1991, 27,000 hampers distributed to 70,000 people. Doubling, doubling, doubling every year! This is their answer, because this government will not assume its responsibility to the poor, and does not assume its responsibility to anyone, given the act before us now!

Senator Gigantès: Except the rich.

Senator Hastings: Honourable senators, these people who run the food banks do not slog away in these warehouses because they picked charity as their choice solution for a

range of options; rather, they look upon their labour as a practical necessity—a practical necessity, honourable senators, because this government refuses to accept its responsibility. So it has to become a charitable organization. The food bank will stand as a hallmark of Toryism in Canada!

Some Hon. Senators: Hear, hear!

Hon. Noel A. Kinsella: Honourable senators, I wish to make a few comments in relation to Bill C-80. I was impressed by the testimony we received from witnesses and also by the speeches that have been made in this Chamber, but one of the things that presented itself to me was that we tend so often—and indeed rightly so—to focus on the terrible problem of poverty in general, and the problem of poverty as it affects Canadian children in particular. This bill was specifically targeted to the matter of streamlining the family allowance program and is not a response to the major problem of poverty in general and child poverty in particular. Hopefully all governments in Canada will keep on the front burner the attack on poverty in our society.

I wish to point out, honourable senators, that the Caledon Institute appeared before the committee and left us with a publication entitled "Child Benefit Primer—A Response to the Government Proposal". On page 9 of that document, they point out strengths of the proposal. It reads as follows.

> The government proposal has the following advantages:
>
> - the new package simplifies child benefits to a certain extent by integrating three separate programs into one program.

So they have recognized the advantage of drawing together the family allowance, the refundable tax credit and the non-refundable child tax credit.

> - the child tax benefit will be calculated on the basis of net family income, thereby reducing (though not eliminating) the complexities and inequities of the present system in which benefits from family allowances and the non-refundable child tax credit are based on individual income (of the higher-income spouse) and the refundable child tax credit on family income.

They point out another strength of the proposal:

> - the use of net family income as the base for calculating the child tax benefit ensures the equitable treatment of families whose net income is the same even though the income mixes between spouses may be different.

Also as a strength of the proposal, they write:

> - in the 1992 federal budget, the government announced its intention to treat couples living in common-law relationships as married spouses. For the purposes of calculating the child tax benefit, common-law couples will no longer have an advantage over married couples by claiming the equivalent-to-married tax credit for the first child. The new benefit will ensure the equal treatment of married and common-law couples.

[Senator Hastings.]

They speak of another advantage:

> - some lower-income families—the working poor and those with three or more children—will receive a small increase in assistance, although the gain will dissipate over time as a result of the effects of partial indexation.

We have had a comment on that point.

They also point out:

> - families that qualify for the new child tax benefit will receive higher monthly cheques as opposed to one or two larger annual payments under the refundable child tax credit.

A few other strengths are mentioned here as well.

I want to place on the record that the Caledon Institute even saw some benefit to Bill C-80.

Hon. Jacques Hébert: May I ask a question of the senator? I read the same pamphlet he was holding and reading from a moment ago. It is true that out of great courtesy, the authors have set aside a page or a page and a half to list the few advantages that they could find in this bill. However, would the senator agree that the rest of the pamphlet is a total denunciation of this awful bill?

Senator Kinsella: I agree, honourable senators, that this particular witness—and their publication—argued that the bill, in their estimation, was not the way they would have gone, and that they had many criticisms, which are published here. I merely wanted to point out that they also saw, on the other hand, some advantages.

Senator Hébert: But they nevertheless denounced the bill.

Senator Murray (Leader of the Government)**:** Honourable senators, to hear our friends opposite tell it, one would think that Bill C-80 had been sprung without warning on Parliament, the provinces and the general public. One would think that the government was ramming this bill through Parliament before parliamentarians, provincial governments or various interest groups had had an opportunity to collect their thoughts on the matter.

Senator Frith: Oh, nobody ever said that.

Senator Murray: Honourable senators, the truth is that the issues involved in this legislation have been with us for many years. These issues have been thoroughly ventilated in Parliament, in provincial legislatures, in the media, and by the think-tanks and the interest groups and the various organizations interested in public policy, and particularly social policy.

I will not detain honourable senators with a lengthy description of the more distant background—and by "distant", I mean starting 20 years ago—to this legislation. However, for the record, I will mention a few dates to honourable senators, and I begin with the Throne Speech of 1973, which some honourable senators will recall since they supported it. Some honourable senators may even have had a hand in drafting it. I quote:

> A fair and equitable regime of family allowances is fundamental to an efficient social security system. A new family income security program will be proposed that will particularly take into account the needs of the lower income families.

What they were talking about there, and what they have been doing since, and what we are bringing to some fruition with this bill is targeting a family benefits and child benefits program to lower income families. That is the issue here.

Senator Bosa: The situation is different now.

Senator Murray: In 1974, when our friend Mr. Marc Lalonde was the Minister of National Health and Welfare and Mr. Turner was the Minister of Finance, the previous government began to tax family allowances as part of the parents' income because, as you know, tax rates increase with income. This targeted child benefits to the lower income families. By 1979, the same government cut family allowances by about $70 a year and introduced the refundable child tax credit—again, a fairly dramatic shift towards a system of child benefits targeted to lower income families.

That is just some of what I call the more distant background to the legislation that is before us today.

In 1985, the present government put out a consultative paper on child benefits. In 1991, both the Senate and the House of Commons conducted, through committees of our chambers, studies of this matter. You will find that this bill implements the two key features of the committee reports: Streamlining child benefits and concentrating benefits on lower income families.

• (1350)

The immediate background to this bill is contained in the 1992 budget which was brought in by Mr. Mazankowski on February 25 last. When honourable senators feign surprise at Bill C-80 and claim short notice, I have to remind them that the February 25 budget outlined the new policy on child benefits in some considerable detail. If you examine the February document you will find that Mr. Mazankowski said, first:

> My colleague, the Minister of National Health and Welfare, has been consulting Canadians on how best to meet the needs of children in Canada. As part of a package of measures he is developing to strengthen support for children, he has recommended a major reform of the existing system of child benefits.

A bit later he says:

> There will be one monthly child benefit. Unlike the family allowance, it will not be subject to tax. Children under the age of 18 will be eligible.
>
> The new benefit will include a new earned-income supplement of up to $500 per year for low-income working families with children.
>
> The benefit will be as much as $144 per month for one child, for a total of $1,733 per year. Benefits will be targeted toward lower- and middle-income families.
>
> The new system will increase total federal child benefits by $400 million per year.
>
> The single monthly payment will make the system simpler and more response responsive to family needs.

At the same time as honourable senators know and have mentioned, Mr. Bouchard issued a white paper 12 pages in length with even more details on Canada's new integrated child tax credit.

Honourable senators can hardly say—nor can the provincial governments, Canadian interest groups, or anyone else say or claim—that they were taken by surprise by this legislation that was brought in in May, or that there was not enough time for honourable senators —

Senator Frith: And for the witnesses.

Senator Hastings: You mean for the waste!

Senator Murray: — to collect their thoughts. This is nonsense.

Senator Frith: Keep saying that; sure.

Senator Hébert: You gave them 48 hours.

Senator Murray: The witnesses had 48 hours. I told you that the details of this legislation were in the budget of February of 1992.

Senator Frith: We are not talking about the same thing at all.

Senator Murray: How many months is that?

Senator Frith: The Leader of the Government is setting up straw men so that he can knock them down.

Senator Murray: This addresses one of the points made by Senator Bonnell. The white paper that Mr. Bouchard issued was the subject of consultation between Mr. Bouchard and his counterparts last May in Charlottetown. There was a two-day meeting of federal and provincial ministers.

Again addressing a point raised during the oral Question Period by Mr. Bonnell, Mr. Bouchard, on behalf of the federal government, strongly urged his provincial colleagues to fully maintain existing social assistance benefits after the proposed child tax benefit is implemented.

I have just one more point about the white paper. My friends opposite have made much of the fact that it was only 12 pages in length. Would that all government documents were similarly concise! One of the problems is that we put out a great many documents that are far too lengthy and are read by very few people. This white paper that Mr. Bouchard put out at the time of the February budget is a highly readable, precise and balanced document, designed with Canadian parents in mind. Today, over 350,000 copies of the white paper have been distributed.

Senator Hébert: With mis-information in it.

Senator Murray: That makes it one of the most widely read in Canadian history.

Senator Hébert: And it also means that there are 350,000 misinformed citizens out there.

Senator Murray: I should repeat again the parliamentary chronology of this bill.

I remind honourable senators that it first appeared on May 13 as a bill in the House of Commons; was given second reading on June 19, 1992; went to a committee of the House of Commons, which heard representations from 22 groups from across the country and reported.

Senator Hébert: And refused about 35 groups.

Senator Murray: Honourable senators, it is not possible for a parliamentary committee to hear every group that express an interest. Many groups file briefs with such parliamentary committees. Not all witnesses who want to be heard in person are heard. That is the case with any and every parliamentary committee that is appointed in every house of assembly with which I or the honourable senator is familiar.

Senator Hébert: In the case of nine, it is a bit short.

Senator Murray: Approximately 22 groups were heard in the other place.

Senator Hébert: It was only nine in the Senate.

Senator Murray: The report was adopted with some amendments on September 15 and the bill received third reading the next day. It came to this house, to the Senate, on September 17.

Senator Hébert: On closure. You forgot to include that in your script.

Senator Murray: I will come to the question of allocation of time or closure, which is one that was raised earlier on the third reading debates by our colleague, Senator Stewart. I will come to that in a minute.

To complete the chronology in the Senate, second reading was moved by our colleague Senator Spivak on September 22. On that day we heard also from Senator Hébert, the Leader of the Opposition, Senator Thériault, and from me in a brief intervention. There was further debate on Wednesday, September 23.

Senator Stewart has asked whether we believe that the Senate sits too much and whether the hours are too long. Of course we do not. The point I made in my intervention at second reading was that we had virtually nothing else by way of government business on our Order Paper. We could have easily sat and debated Bill C-80 for many days. However, Senator Gigantès spoke briefly on September 23 and adjourned the debate not until the next day, Thursday; not until Friday; not until the following Monday, but until the following Tuesday, September 29. There was no great interest in debating the bill; no great interest at all. That is not the issue with closure or the allocation of time motion that we passed today. Honourable senators opposite were not so much interested in debate as they were interested in delay.

[Senator Murray.]

Senator Frith: That is what you always say.

Senator Murray: When we referred the bill to committee on Tuesday, September 29, we were informed that honourable senators opposite would not be ready to begin the deliberations of the committee for another eight days.

Senator Hébert: That was in order to give the witnesses time to prepare their briefs.

Senator Murray: Honourable senators, that really is a myth.

Senator Frith: Do not talk to him; he is not interested in the witnesses.

Senator Murray: It was eight days before the committee could start its deliberations.

Senator Frith: The witnesses have no time to prepare.

Senator Murray: The point that I make is that delay is quite a legitimate weapon in the hands of the opposition, and they used it. They employed it in the Senate in the case of this bill.

Senator Frith: The witnesses did not get heard.

Senator Murray: They were successful.

Senator Frith: What about the witnesses? They have delayed the bill for a good month.

• (1400)

Senator Frith: What about the witnesses?

Senator Murray: Let them take some satisfaction in their success. I congratulate them in their success in employing this legitimate parliamentary weapon of delay.

Senator Frith: You shut off the witnesses!

Senator Murray: In the end the government must take its responsibility and we really must bring this matter to a vote.

Senator Hébert: Nine witnesses in all; do you call that a delay?

Senator Murray: My honourable friend, so I am told, and Senator Kinsella can correct me, if I am wrong or I misstate the situation, put in a list of 31 possible witnesses.

Senator Hébert: That was the first list.

Senator Murray: Of those, 18 were contacted, I am told; 12 were not able to come or not interested in appearing.

Senator Hébert: They had no time to prepare a brief.

Senator Murray: We are talking about interest groups here.

Senator Frith: That is what the witnesses said.

Senator Murray: Again, I remind the honourable senator, the policy had been announced in detail in February. The bill had been in the public domain since May. How much time do you think they needed? My friends were interested in delay, not in debate. Come now, confess the truth.

Senator Hébert: How many of those 31 were not called at all?

Senator Frith: Let him pour contempt on the witnesses, which is what he continues to do.

Senator Murray: In the event, ten witnesses were heard.

Senator Gigantès: They seem to be interested in poverty rather than wealth.

Senator Frith: He is not interested in what the witnesses want.

Senator Murray: Ten witnesses were heard, plus Mr. McDermid and officials from the Departments of Finance, Health and Welfare and Revenue Canada.

Honourable senators, Senator Gigantès, in both his second reading speech and his speech on third reading earlier today, delivered himself of an analysis and a commentary on fiscal and economic policy generally to which I cannot and should not try to do justice at this stage of the debate on this particular measure. The burden of his message, however, is that to stimulate the economy, governments—particularly this government—should be spending more and more and more. That is an argument that we can have at another time —

Senator Gigantès: You won't find that in my text.

Senator Murray: —perhaps in the course of a budget debate or in the course of an election campaign when his party and mine will be debating these matters. In the meantime I would be very grateful to receive a copy of his book, which I shall read with considerable interest.

I do have to point out to him, however, that increases in government spending, which for many years in this country had been at or near double-digit magnitude, did not succeed very much in keeping unemployment down, because it, too, was of the double-digit magnitude, and, with it, inflation and interest rates, which fall with unequal burden on the poor and disadvantaged in our society.

Senator Barootes: Tell your Keynesian friends that.

Senator Murray: However, if the honourable senator wishes, as he does, to promote Keynesian economics, he should congratulate us on this measure. He seems to believe that the new system will see benefits flowing from lower income families to higher income families. That is not the case; the reverse is true. The redistribution of income is actually from higher income families to lower income families.

As I pointed out to my friend Senator Thériault the other day, there are members of this place who are receiving family allowance benefits. They will not receive them any longer under this legislation.

Families with incomes below $50,000 will receive an additional $250 on average. As I say, the benefits will increase child assistance by $2.1 billion over and above what would have been provided had the current programs remained in place. So it is not trickle-down or supply-side economics; it is Keynesian economics, on which I should have thought the honourable senator would congratulate us.

Senator Gigantès: Keynes is twirling in his grave.

Senator Murray: Keynes was also a monetarist, but a lot of what Keynes advocated has been used very selectively by a lot of people.

Senator Gigantès: I fully agree.

Senator Murray: Let me refer the honourable senator to the recent report of the National Council of Welfare on this child tax benefit:

> One of the striking features of the new proposed child tax benefit is that the vast majority of families would be better off under the new system than they are under the current system. Virtually all single-parent families would do as well or better under the government's proposal.

It has been suggested that targeting these social benefits will create some kind of social stigma on people. I do not know how that can be when 84 per cent of Canadian families will continue to receive federal assistance. I will not feel particularly stigmatised by not being among them, nor do I think that the 84 per cent will feel particularly stigmatised that I am not.

Furthermore, in the 1990s nosey bureaucrats will not be showing up at your door to administer a means test to determine eligibility for the benefits. Rather, benefits will be automatically calculated on the basis of a family's tax return.

The earned income supplement of up to $500 for low income working families will direct limited resources to where they are most needed. The supplement will help to offset employment-related expenses and a possible loss in social assistance for families moving to the workforce. What we are trying to address here is the problem that has been commented upon many times by experts in this field, the disincentive to work that is still present in some of the income support programs for people on welfare.

Senator Gigantès: You would have to have 22 children to offset the loss of welfare.

Senator Murray: No, no. It will not create classes of deserving and undeserving poor as the honourable senator has stated. Again, I call as reinforcement to this view the testimony to the committee of the other place of the executive director of the Canadian Council on Social Development. He said:

> We do not see the earned income supplement as discriminating against poor people on social assistance in favour of people in the workforce. If we believed that to be the case, I can tell you we would not be supporting the legislation.

Honourable senators, I do not doubt at all the sincerity or the feeling of the Honourable Senator Hastings and his comments on the numerous social problems in this country, but I think he has been grossly unfair, not only with regard to this

bill, but with respect to the policies and the record of this government in this field.

The present bill will bring annual total expenditures on the child benefit system to about $4.9 billion. In addition, large families will receive an extra $75 for the third child and subsequent children. Families with children under the age of seven will still receive the supplement to the child tax credit of up to $213 per child.

However, there is more to our approach to child benefits and to children than this bill. The Minister of National Health and Welfare announced a little while ago a program entitled "Brighter Futures", a preventive and multi-faceted program directed primarily at intervention in the early stages of the lives of children. This adds another $500 million over five years to the cause of child development. The four program areas of prevention, promotion, protection and partnership include initiatives addressing issues such as low birth weight, injuries, mental health and parenting.

We are working not only with the provinces but with community organizations to ensure that those programs are delivered to the children, especially in the early stages of childhood, who are most in need of those measures.

● (1410)

Since 1984, the child tax credit, as has been mentioned several times in this debate, has been increased by more than 50 per cent from $367 to $601 per child. In addition, a $213 child tax credit supplement for children under seven was introduced in 1992.

The refundable sales tax credit, which was introduced in 1986 to help support low-income families, has now been superseded by the goods and services tax credit with a value of up to $193 for an individual, $193 for a spouse, and $102 for each eligible child. Under sales tax reform, the goods and services tax credit ensures that families with incomes of less than $30,000 will be better off.

The 1988 personal income tax reform removed 850,000 lower income Canadians from the tax rolls altogether.

Honourable senators, this is progressive tax policy and it is progressive social policy; it is good for the country and it is helpful to those with lower incomes.

I have heard in the course of this debate talk about child care. Yes, we had to put off the introduction of a national federal-provincial child care program. What is less well known is the fact that we are now spending $1 billion a year on child care because we are sharing day care expenditures with the provinces and territories under the Canada Assistance Plan to the benefit of thousands of low-income parents and their children.

For working parents, we have announced an increase in the maximum child care expense deduction of $1,000, beginning in 1993, to reflect the child care costs that all working parents face.

[Senator Murray.]

We have policies addressing marital breakdown to better ensure that custodial parents have the financial means with which to support and care for their children.

We brought in amendments to the leave provisions under the unemployment insurance program, and approximately $1 billion is spent on maternity and parental benefits.

We have a family violence initiative—and I know Senator Hastings is interested in this—which commits the federal government to spending $136 million to help eliminate the problem of family violence.

Last March we brought in a national drug strategy, a five-year, $270 million initiative to prevent drug abuse.

Honourable senators, these are important measures that our government has taken and is taking in order to better target our limited resources—when I talk about "limited resources", I am talking about the taxpayers' money—to target it where help is needed most.

Honourable senators, this is sound legislation. It is sound in philosophy; it is sound in economics; it is sound social policy. I commend Bill C-80 to your favourable attention.

Senator Gigantès: Will the honourable senator entertain a question?

Senator Murray: Yes.

Senator Gigantès: Did I hear correctly when you stated that the extra $500 will be an inducement to get off the welfare rolls and earn some income?

Senator Murray: Honourable senators, I did not put a particular figure on it. What I am talking about is what will be available to low-income working people to encourage them to stay in the labour force. Yes, those people sometimes give up certain benefits when they leave the welfare rolls. This bill, in various ways, attempts to compensate for that. However, I would not limit it to the $500 that the honourable senator is talking about.

Senator Gigantès: Is this $500 per child or per family?

Senator Murray: The honourable senator has spoken twice in the debate; once at second reading and once at third reading. He may even have participated in the affairs of the committee.

Senator Gigantès: I am asking a question. This is a question.

Senator Murray: If the honourable senator wishes me to reread my speech as to the various provisions —

Senator Gigantès: I do not want you to. Is it $500 per family or per child?

Senator Murray: The bill is based on family income.

Senator Gigantès: If it is $500 per child. In order for someone to go off welfare and yet have as much money, he would have to have 22 children. This is what you are talking about.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Spivak, seconded by the Honourable Senator Cochrane, that this bill be read the third time.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

• (1420)

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Spivak, seconded by the Honourable Senator Cochrane that the bill be read the third time.

Motion agreed to and bill read third time and passed on the following division:

YEAS

THE HONOURABLE SENATORS

Barootes	Lynch-Staunton
Bolduc	Macquarrie
Buchanan	Marshall
Cochrane	Meighen
Cogger	Murray
Comeau	Oliver
DeWare	Poitras
Di Nino	Robertson
Doyle	Ross
Forrestall	Rossiter
Grimard	Simard
Kelly	Spivak
Keon	Sylvain—27.
Kinsella	

NAYS

THE HONOURABLE SENATORS

Bosa	Hébert
Cools	LeBlanc
Corbin	Lewis
Davey	MacEachen
Frith	Rizzuto
Gigantès	Robichaud
Hastings	Stewart
Hays	Stollery—16.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

• (1430)

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL

October 15, 1992

Mr. Speaker,

I have the honour to inform you that the Honourable Beverly McLachlin, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 15th day of October, 1992, at 4:30 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

ANTHONY P. SMYTH
Deputy Secretary,
Policy, Program and Protocol

The Honourable

The Speaker of the Senate

Ottawa

ADJOURNMENT

Leave having been given to revert to Government Notices of Motions:

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*h*) I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, December 1, 1992, at 2 o'clock in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

Senator Lynch-Staunton: Honourable senators, since Royal Assent is scheduled for 4.30, I suggest we suspend the sitting until 4.25 p.m.

The Hon. the Acting Speaker: The sitting of the Senate is suspended until 4.25 p.m.

The Senate adjourned during pleasure.

• (1440)

ROYAL ASSENT

The Honourable Beverly McLachlin, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act respecting contraventions of federal enactments *(Bill C-46 Chapter 47, 1992)*

An Act to amend the Income Tax Act, to enact the Children's Special Allowances Act, to amend certain other Acts in consequence thereof and to repeal the Family Allowances Act *(Bill C-80 Chapter 48, 1992)*

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, December 1, 1992, at 2 p.m.

THE SENATE

Tuesday, December 1, 1992

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

Prayers.

Business of the Senate

Hon. Lowell Murray (Leader of the Government): Honourable senators, as you know, during the adjournment we lost two well-loved and highly respected colleagues, Senator Rhéal Bélisle and Senator Thomas Lefebvre. The Leader of the Opposition and I have consulted with respect to tributes and, with the agreement of honourable senators, we have decided that today we will pay tribute to Senator Bélisle and tomorrow we will pay tribute to Senator Lefebvre.

[*Translation*]

The Late Honourable Rhéal Bélisle

Tributes

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Deputy Speaker and Speaker *pro tempore* of the Senate, the Honourable Rhéal Bélisle, died on November 3 at the age of 73. He spent 48 of those 73 years in public life, in Ontario and Canada.

He served his fellow citizens with distinction and ceaselessly, first as councillor, mayor and secretary-treasurer of Rayside between 1944 and 1955, and then as a member of the Ontario Legislature. He was appointed to the Senate by Prime Minister Diefenbaker on December 10, 1962.

Last November 3, Prime Minister Mulroney made this statement:

> With the passing of senator Bélisle, Canada has lost a truly remarkable parliamentarian and a dedicated citizen.
>
> Throughout his long and prolific career in municipal, provincial and federal politics, Rhéal Bélisle enriched the lives of all Canadians by serving the common good and by constantly supporting humanitarian causes.
>
> We will always remember Rhéal Bélisle as a proud and devoted Canadian.

The contributions and achievements of our colleague are so numerous that it is impossible for me to list them all. He worked for organizations such as the Canadian Cystic Fibrosis Foundation, the Canadian Wildlife Federation, the Salvation Army, the National Red Shield Appeal, Laurentian University, as well as for associations at the municipal level, old people's homes, chambers of commerce and hospital boards. He also contributed to the war effort as a member of the Canadian Forces during the Second World War.

He was also on the executive of many federations and associations and he received three international honorary titles. Among these honours, he was made a knight of the *Ordre de la Pléiade* by the International Association of French-speaking Parliamentarians and a member of the Order of St. Gregory the Great by the Catholic Church.

One of Senator Bélisle's greatest contributions to northern Ontario and probably the one closest to his heart was his work for Laurentian University and the University of Sudbury. As a member of the Ontario legislature, he sponsored the bill to incorporate Laurentian University in Sudbury. He did the same for the University of Sudbury, which later became a federated college of Laurentian University. This university subsequently awarded him an honorary doctorate. His contribution to education was recognized publicly when several of his friends created the Senator Rhéal Bélisle scholarship fund. This fund has given scholarships to deserving students and continues to do so.

Hon. Rhéal Bélisle was a man of principle and a Canadian devoted body and soul to his country. His constructive, temperate influence was recognized both inside and outside parliamentary assemblies by one and all.

He served as Deputy Speaker of the Senate with distinction, tact and moderation. He made many friends outside the Parliament of Canada among the members of various Canadian and international parliamentary associations.

On November 7, many senators and members of the House of Commons from both parties travelled to the small village of Blezard Valley near Sudbury to join Senator Bélisle's friends and neighbours in a final tribute to our late colleague.

In a church located about a stone's throw from Senator Bélisle's ancestral home, we listened to some vibrant and eloquent tributes to our friend's public career and private life.

I remember especially what was said by his son Claude. He told us how Rhéal was always trying to get people together, both in his own family and in the course of his public career.

Honourable senators, that is how we will remember him: a man who never drove people apart but was always intent on bringing them together.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, as was mentioned by the Leader of the Government in the Senate, on November 3 this year we lost a colleague, Senator Rhéal Bélisle, whom we all deeply respected. He died at the age of 73.

The Leader of the Government in the Senate referred to Blezard Valley in Northern Ontario, where our friend Rhéal was born and where he first went to school. He continued his

education at the University of Toronto and later at St. Paul's University in Ottawa.

After starting his public career in the Canadian Armed Forces, where he stayed from 1941 to 1943, he became a municipal counsellor in Rayside in 1944. He was elected mayor the following year and was to hold that position for seven years.

Senator Bélisle left the municipal political scene to enter provincial politics when he was elected to the Ontario legislature for the first time in 1955. He was reelected in 1959.

He entered the federal political scene in 1963, when Prime Minister Diefenbaker, as the Leader of the Government in the Senate said earlier, appointed him to the Senate. There, as we all know, he took an active part in the work of various committees including the special committees on divorce, science policy and poverty.

He also represented the Senate on many occasions. In 1964, Senator Bélisle was sent as a Senate observer to the Nineteeth General Assembly of the United Nations. In 1974, he represented veterans and the Senate of Canada at ceremonies commemorating the 30th anniversary of D-Day. In 1982, he was a member of the Canadian section at the *Association internationale des parlementaires de langue française* in Paris, and in 1988, he was a member of the Canadian delegation to the conference on democracy and the OECD discussions.

Senator Bélisle was appointed acting speaker in 1982 and speaker *pro tempore* at the beginning of this session.

• (1410)

[*English*]

He performed his functions in the Chair to the satisfaction of, and with great support from, both sides of the House.

One of the most memorable rulings he made as Deputy Speaker was the declaration of the defeat of the abortion legislation. We all remember that the vote was a tie. Under Senate rules, that meant the bill was defeated, and Senator Bélisle had the historical role of making the declaration that the bill was defeated.

His commendable public career does not overshadow his private contributions. From 1964 to 1974, Senator Bélisle was the Chairman of the Board of Governors of the University of Sudbury, now Laurentian University. In 1965, he was named honourary lifetime president of the L'Association d'éducation d'Ontario. He was also president and director of the Sudbury and District Municipal Association, director of the Sudbury and District Home for the Aged, and director of the Canadian Wildlife Federation.

In 1982, the Pope granted Senator Bélisle the highest tribute paid to a lay person when he named Senator Bélisle a Knight of the Order of St. Gregory the Great, an award which is made for religious devotion. I am not sure of the breadth of this, but at the wake, Senator Bélisle's parish priest told us that Senator Bélisle celebrated mass every morning of his life, and served at mass most mornings.

[Senator Frith.]

Senator Bélisle was always very sensitive to the importance of comity with all of his colleagues in life and in the Senate. We remember the famous Opus Dei debates and discussions when there was high controversy on both side of the house, not determined by party lines. Feelings ran very high. I remember that Senator Bélisle, who had a very passionate interest in the subject, remained always calm, the perfect gentleman, even as his plans seemed to be going awry.

At one point, he was rumoured—and a very plausible rumour, as all rumours should be—to be on the list of possible lieutenant governors for Ontario.

Senator Bélisle recognized the value of the Senate. In the *Debates of the Senate* of January 22, 1968, at page 721, he said:

> I am of the opinion that the majority of the people in this country do not have a proper knowledge of the importance of our legislative contribution and our sincere approach to continue to enhance legislation that will conserve the freedom of all our minorities, which is one of the important functions of the Upper Chamber.

We know that the devotion the displayed on that occasion was not just for the purpose of that debate. It was repeated and sustained throughout his life as a senator.

Senator Bélisle also recognized the need for Senate reform when he spoke at a nomination meeting in Glengarry-Prescott-Russell in 1974. The May 24th issue of the *Ottawa Citizen* of that year quoted the senator as having told the following anecdote or joke. This is after he had said, "I am from the Senate of Canada." He said:

> That's where formerly active politicians are sent to die, the place everybody criticizes as useless until he or she becomes a member.
>
> One crusty old guy, when asked about his sons, said one was a Canadian senator and the other was not much good either.

Then he went on:

> But we senators have learned not to pay much attention to people like him; they only repeat what everybody else is saying.

One thing is certain: Senator Bélisle served this chamber with enthusiasm and dedication and, I underline, with the respect and affection of all members of the chamber.

I should like to extend to his family, who are here with us today, on behalf of the members on this side, and all honourable senators who knew and loved him, our deepest regrets.

Hon. Orville H. Phillips: Honourable senators, Senator Bélisle and I entered this chamber at the same time. He received an appointment from the legislature of Ontario. We

were seat-mates for a number of years, and became close friends.

Senator Bélisle, as has been mentioned, was a devout individual. He was very proud of the two knighthoods he received, the Orders of Saint Gregory-the-Great and St. John of Jerusalem, Knights of Malta.

As Senator Frith mentioned, he participated in mass on every occasion that he could. I recall on one occasion suggesting to him that we would like to see him attend a 9 o'clock caucus. He said, "No way. I am serving mass at 9 o'clock, and that has a priority." I did not waste my time arguing with him on that occasion.

Senator Bélisle was also an avid sportsman who enjoyed fishing and hunting. On one occasion when he visited P.E.I., he was successful in catching a tuna. It became a standing joke between us. The tuna weighed about 800 pounds. I used to tell him that each year it grew a bit. The last time I asked him about it, the tuna weighed around 1,200 pounds.

He was also an active supporter of the Canadian Wildlife Federation. He believed that if we were to enjoy the pleasures of hunting and fishing, we had to work to replace the game we took from the wild.

He was proud of the part that he played in the bringing together of the three colleges to form Laurentian University. But He was even more proud of the fact that he had participated in opening a large number of schools in northern Ontario. He told me in a private conversation on one occasion that while he appreciated the many honours that he had received, the fact that he was invited to open so many schools was what he considered his greatest honour.

Senator Bélisle enjoyed entertaining, and I was fortunate enough to receive an invitation to a number of banquets that he hosted. He planned these occasions with the greatest of detail. I recall on occasion receiving the biographies of those who were seated at the same table with me. I always appreciated his attention to detail. He was a courteous, friendly and enjoyable companion on all occasions.

• (1420)

The Saturday evening before his death, I phoned his wife Edna to inquire about his health, and she mentioned the concern of the doctors at DND that pneumonia might be developing. It was still a surprise to me when I heard of his death. I do not think that Edna had any idea of the serious situation on that occasion either. It was a shock to all of us.

To Edna and the family, I extend my sincere sympathy. Like all members of this chamber, I will retain many pleasant memories of Rhéal.

[*Translation*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, since previous speakers have already touched on the details of Senator Bélisle's career, I would rather talk about Senator Bélisle as a friend. He was not one to chose his friends from one side of the House exclusively. He had friends on all sides.

In my case, he and I alternated at different times as speaker *pro tempore*. The position usually involves one or more trips a year, but there was at least one trip when we would meet the speakers of all Canadian legislatures, at their annual meeting, and since he went to some of these meetings and I went to others, we had friends all over the country.

What always surprised me when I went to these meetings is how everyone seemed to know Senator Bélisle. Every time I went, the first thing people would ask me was: Where is Senator Bélisle?" So I had to explain that in the Senate, there were sometime changes for political reasons, and that this time, I happened to be the speaker *pro tempore*, but I was sure Senator Bélisle would return very shortly. And he did.

I think that what we appreciated about Rhéal was his friendship, frankness and openness with everyone. I certainly agree with everything that was said by my colleagues, and I would like to say to his family how much we miss him. He was a friend, a great senator, and we are very sad he is no longer with us.

Senators' Statements

[*English*]

General Election

Number of Days Left in Current Term

Hon. Royce Frith (Leader of the Opposition): Honourable senators will be happy to know that the clock still ticks, retrospectively now. Canadians last had the opportunity to vote in a general election on November 21, 1988. That was four years and 10 days ago today.

The Government Leader in the Senate holds a definite and worthy principled view about the duty of the Prime Minister in such a situation. Senator Murray has stated:

> After four years, Canadians are entitled to have their say about the Government. After four years, Canada is entitled to a general election. For all practical purposes, the Government's term has come to an end.
>
> Considering the fact that for 29 months, public opinion has been turning increasingly against the Government —

I pause here to say, how prophetic! The quote continues:

> — and in the last eight months that percentage has become the majority, Canadians must be allowed to exercise their democratic rights in a general election. There is no justification for further delay.
>
> Only political cowardice or contempt for the democratic process could explain why, after four years in power, the Government refuses to announce a general election. It has to, if it has any respect for democracy.

I now enthusiastically join with Senator Murray in saying that the Mulroney government is afflicted with "political cowardice" and for ten days now has shown nothing but, to use Senator Murray's words, "contempt for the democratic process".

[*Translation*]

Hon. Normand Grimard: Honourable senators, following what we have just heard and have been hearing for a few months now, I have taken upon myself to look for statistics. For instance, I thought we might go back fifty years or so to check how many governments have exceeded their four-year mandates. To be fair to my friends opposite, I have decided my compilation would start in 1945 because, as we all know, during the Second World War, Mr. King's Liberal government exceeded that four-year mandate and this sounds fair and reasonable to me in times of crisis.

Therefore, the statistics I have found date as far back as 1945 and show that eight governments have exceeded their four-year mandates. Senator Frith will no doubt be pleased to hear that five of these eight were run by the Liberals and three by the Tories.

The next question I had to ask myself then was: What happened to these eight governments that had exceeded their mandates when they finally called an election? Always concerned about being fair, I did not include this government in my calculations. While we have no doubt on this side that we will be reelected, I have decided not to include this government. So, I asked myself how many of these seven governments that have exceeded their mandates have actually been reelected?

Again, Senator Frith will be pleased to hear that, out of the seven governments that had exceeded their mandates, five were reelected, and two were defeated. Here is what I gather from all this, honourable senators.

First, we have no lesson to take on this side, especially not from people who have exceeded their mandate, as I have just demonstrated.

The second conclusion, and this does not look good for my friends opposite, is that, based on the statistics to the effect that five out of seven governments that have exceeded their mandates were reelected, our Liberal friends better hold on tight whenever the Prime Minister will decide to call an election.

In closing, I would like to express the wish that it might be a good idea to stop playing the same old tune over and over again like a broken record.

[*English*]

Hon. Keith Davey: Honourable senators, perhaps Senator Frith would be good enough to provide me and other interested colleagues on this side with a copy of the interesting speech he has just attributed to Senator Murray. Perhaps he could also tell us when and where that speech was made.

[Senator Frith.]

Senator Frith: Yes, I will save that for tomorrow, when the clock strikes again.

Senator John M. Macdonald

Best Wishes on Recovery

Hon. Lowell Murray (Leader of the Government): Honourable senators, a few moments ago we had the sad duty to pay tribute to our colleague, Senator Bélisle. On a somewhat happier note, I would like to welcome back to our midst our colleague Senator John M. Macdonald.

Hon. Senators: Hear, hear!

Senator Murray: Senator John M. Macdonald is the dean of the Conservative caucus. He had a nasty fall some months ago. I went to see him in the hospital then and found him, as I think we all find him today, in excellent spirits, true to himself. Having bounced back fully from this reverse, he is here once again to take part in our deliberations. I want to say how pleased we all are to see him.

Hon. Senators: Hear, hear!

Hon. John M. Macdonald: Honourable senators, I thank the leader for his good wishes, and may I say that I am very happy to be back among you.

Hon. Senators: Hear, hear!

ROUTINE PROCEEDINGS

[*Translation*]

Clerks Accounts

Detailed Statement Tabled

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that, pursuant to Rule 134, the Clerk of the Senate has laid on the Table a detailed statement of his receipts and disbursements for the fiscal year 1991-92 and that he has also laid on the Table the annual report on the administration of the Senate for the fiscal year 1991-92.

Scrutiny of Regulations

Sixth Report of Committee Presented and Printed as Appendix to Minutes of the Proceedings of the Senate

Hon. Normand Grimard: Honourable senators, the Standing Joint Committee for the Scrutiny of Regulations has the honour to present its sixth report on the Public Works Nuisances Regulations.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report, see the *Minutes of the Proceedings of the Senate* of this day, page 1485.)

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

On motion of Senator Grimard, report placed on the Orders of the Day for consideration at the next sitting.

Seventh Report of Committee Presented and Printed as Appendix to Minutes of the Proceedings of the Senate

Hon. Normand Grimard: Honourable senators, the Standing Joint Committee for the Scrutiny of Regulations has the honour to present its Seventh Report concerning the Central Registry of Divorce Proceedings Fee Order.

I ask that the report be printed as an appendix to the *Debates of the Senate* of this day and form part of the permanent records of this House.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. senators: Agreed.

For text of report see today's Minutes of the Proceedings of the Senate, p. 1507)

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

On motion of Senator Grimard, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

Internal Economy, Budgets and Administration

Twenty-Eighth Report of Committee Presented

Hon. Thérèse Lavoie-Roux, Chairperson of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

TUESDAY, December 1, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-EIGHTH REPORT

Your Committee recommends that, notwithstanding the NINETEENTH report of your Committee, the 6/12 balance of the approved budgets of Committees be released to cover expenses until March 31, 1993.

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairperson

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

On motion of Senator Lavoie-Roux, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

The Estimates 1992-93

National Finance Committee Authorized to Study Supplementary Estimates (A) and (B)

Hon. John Lynch-Staunton, Deputy Leader of the Government, with leave of the Senate and notwithstanding rule 59(1)(*f*), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (A) and (B) for the fiscal year ending March 31, 1993, (Sessional paper No. 342-812.)

Motion agreed to.

Clerk's Accounts

Referred to Internal Economy Committee

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved:

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

Motion agreed to.

Business of the Senate

Adjournment

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before proposing the adjournment motion, I should like to make a few preliminary remarks. It will be recalled that in order to avoid as much as possible Senate committees asking leave to sit while the Senates is in session, it was agreed at a meeting of committee chairmen last June that a new committee schedule would be proposed, in order to minimize the possible conflicts between the workload of the committees and the Senate's schedule.

The results of this study were distributed during the summer and have received the approval of both sides of this house. The main effect on our own schedule is that on Wednesdays, the Senate would sit at 1:30 p.m. for Senators' Statements, Routine Proceedings, Question Period, and urgent government business, and adjourn in time for four committees to meet at 3 o'clock and three others to meet at 5 o'clock, if necessary.

As the Foreign Affairs committee and the Banking, Trade and Commerce committee have scheduled meetings for 3 o'clock tomorrow afternoon, I will move that when we adjourn today, we do so until 1:30 p.m. tomorrow in order to attend to the business just mentioned.

As I have indicated to my friend directly opposite, we hope to adjourn no later than Friday, December 18. To do so will no doubt require that we sit every day until then. There are three major pieces of government legislation that will be given first readings today. We also expect that Bill C-91, to amend the

Patent Act, will be with us next week. Therefore we have four major pieces of legislation with which to cope.

With leave of the Senate and notwithstanding rule 59(1)(*h*)

> That when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, December 2, 1992, at one-thirty in the afternoon.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, following upon the comments of my colleague the Deputy Leader of the Government with respect to the discussion concerning the trial period commencing tomorrow of the Senate sitting at 1:30, that discussion was conducted with all of the chairmen and, I believe, vice-chairmen of committees. That discussion was conducted with our general approval and, I believe, of the other side as well. We presented the suggestion to our caucus, and it was felt that this was worth a trial. I emphasize "trial" because we may find it does not achieve what we hoped.

However, if it works properly, it would mean that committees could use the Wednesday afternoon and be able to schedule witnesses. That has always been the difficulty we faced here. The chairman of a committee would say to the Senate, "I have witnesses coming and they have come from very great distances, and they should be heard." Quite obviously, we want to accommodate such witnesses. This arrangement should help, and we are therefore prepared to go along with this trial period.

Insofar as the adjournment on December 18, I think that is a very good target date to work toward, but I would hope that that will not mean there will be pressure from the government side to push legislation through without adequate discussion, and that there will be full opportunity for debate in the Senate, as well as in the committees.

With that understanding, I hope we can work toward that date of December 18.

Motion agreed to.

[*Translation*]

Immigration Act

Bill to Amend—First Reading

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-86, an Act to amend the Immigration Act and other Acts in consequence thereof.

Bill read first time.

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, December 3, 1992.

[Senator Lynch-Staunton.]

[*English*]

Canada Employment and Immigration Advisory Council

First Reading

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-63, to dissolve or terminate certain corporations and other bodies, to which they desire the concurrence of the Senate.

Bill read first time.

The Hon. the Speaker: When shall this bill be read the second time?

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, December 3, 1992.

[*Translation*]

Public Service Employment Act Public Service Staff Relations Act

Bill to Amend—First Reading

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-26, an Act to amend the Public Service Employment Act, the Public Service Staff Relations Act and other Acts in relation to the public service of Canada.

Bill read first time.

On motion of Senatory Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, December 3, 1992.

● (1450)

[*English*]

Private Bill

Canadian Human Rights Act—Bill to Amend—First Reading

Hon. Noel A. Kinsella presented Bill S-15, to amend the Canadian Human Rights Act (sexual orientation).

Bill read first time.

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

On motion of Senator Kinsella, bill placed on the Orders of the Day for second reading on Thursday next, December 3, 1992.

ASEAN Inter-parliamentary Organization

Thirteenth Working Committee and General Assembly, Jakarta, Indonesia—Report of Delegation Tabled

The Hon. the Speaker: Honourable senators, I have the honour to table the report of the Joint Inter-parliamentary Delegation which attended the Thirteenth Working Committee and General Assembly of the ASEAN Inter-parliamentary Organization, known as AIPO, held in Jakarta, Indonesia from September 21 to 26, 1992.

[*Translation*]

Canadian Court Challenges Program

Linguistic Rights—Notice of Inquiry

Hon. Jean-Marie Simard: Honourable senators, I give notice that in the next few days, I will call the attention of the Senate on the need for the federal government to maintain, at the very least, the language component of the Canadian Court Challenges Program.

[*English*]

Private Bill

United Grain Growers Limited—Presentation of Petition

Hon. Efstathios Barootes: Honourable senators, I have the honour to present a petition from the United Grain Growers Limited of the City of Winnipeg in the province of Manitoba, praying for the passage of an act to restructure United Grain Growers Limited.

Child Poverty

Presentation of Petitions

Hon. William J. Petten: Honourable senators, I have a petition which reads as follows:

TO THE HONOURABLE SENATE OF CANADA.

The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your Honourable Senate will therefore provide a remedy.

HUMBLY SHEWETH

WHEREAS in 1989 the House of Commons unanimously adopted a motion to seek the elimination of poverty among Canadian children by the year 2000, yet poverty among Canadian children and families continues by all measures to be as serious or greater now compared to 1989, and

WHEREAS Canadian child poverty yields enormous and increasing costs: 1) to administrations of health care, education, justice and social welfare, 2) to national productivity through inadequate learning and preparation for employment, and it is thus quite clear that sound national financial management demands the prevention of poverty, and

WHEREAS Canada ratified the United Nations Convention on the Rights of the Child and has a moral obligation to seek the elimination of child poverty in Canada, and

WHEREFORE the undersigned, your Petitioners, humbly pray and call upon the Senate of Canada to do all possible to assist them in eliminating child poverty in Canada by the year 2000,

This is signed by ten residents of Corner Brook, one from Pasadena, one from Hawkes Bay and one from Parsons Pond, all from my province of Newfoundland.

Hon. Peter Bosa: Honourable senators, I have an identical petition which I received, signed by ten residents of Metropolitan Toronto. It reads as follows:

TO THE HONOURABLE SENATE OF CANADA

The petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your Petitioners in the certain assurance that your Honourable Senate will therefore provide a remedy.

HUMBLY SHEWETH

WHEREAS in 1989 the House of Commons unanimously adopted a motion to seek the elimination of poverty among Canadian children by the year 2000, yet poverty among Canadian children and families continues by all measures to be as serious or greater now compared to 1989, and

WHEREAS Canadian child poverty yields enormous and increasing costs: 1) to administration of health care, education, justice and social welfare, 2) to national productivity through inadequate learning and preparation for employment and it is thus quite clear that sound national financial management demands the prevention of poverty, and

WHEREAS Canada ratified the United Nations Convention on the Rights of the Child and has a moral obligation to seek the elimination of child poverty in Canada, and

WHEREFORE the undersigned, your Petitioners, humbly pray and call upon the Senate of Canada to do all possible to assist in eliminating child poverty in Canada by the year 2000,

And as in duty bound your Petitioners will ever pray.

Date: November 18, 1992.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have a similar petition, but in view of the fact that my colleagues have already read the text, I will not read it once again into the record. My petition is in exactly the same wording as that of my two colleagues. It is dated November 3, 1992 and comes from six residents of the City of Winnipeg in my province of Manitoba.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I also received a similar petition which I will not read since the

wording is exactly the same as what you just heard twice. The petitioners request that the Senate of Canada do all it can to help eliminate child poverty in Canada by the year 2000.

The petition, dated November 2, 1992, is signed by seven people from Ottawa.

Goods and Services Tax

Presentation of Petitions

Hon. Jacques Hébert: Honourable senators, I also have more common petitions on the GST.

I have the honour to present petitions signed by 419 citizens of Alberta who oppose the goods and services tax.

These petitions come mainly from Fort MacMurray, Edmonton, St. Albert, Spruce Grove, Winterbourne, Red Deer, Lacombe and Stony Plain.

Honourable senators, I also have the honour to present petitions signed by 85 citizens of New Brunswick who oppose the goods and services tax.

These petitions come mainly from Caraquet, Tracadie, Sheila, Duguayville, Pont Landry, Brantville, Fredericton and Woodstock.

This make a grand total of 504 citizens who continue to fiercely oppose this very unfair tax.

These petitions were signed on August 19, 1992. This information is for Senator Murray (who obviously does not listen to the people!) who is concerned about the age of these documents. These petitions are dated August 19, 1992.

[*English*]

Child Poverty

Presentation of Petition

Hon. Raymond J. Perrault: Honourable senators, I have received a request from ten residents of Richmond, Burnaby, Vancouver, North Vancouver and one or two other areas in British Columbia in support of the petition read earlier regarding the elimination of poverty among Canadian children. I will not read the preamble because it has already been read. However, I understand that the petition originates from a group called The Partnership Against Poverty. Its convenor in Ottawa is Mr. Brian Weatherdon of St. Andrew's Church.

By way of explanation, he said:

> Our purpose . . . has been to show that a million or more Canadians are prepared to signify their concern for current levels of poverty among Canada's children. These Canadians represent every age group, a wide array of affiliation and every walk of life.

[Senator Hébert.]

• (1500)

QUESTION PERIOD

Agriculture

Resolution of Dispute on European and U.S. Grain Subsidies—Government Position

Hon. H.A. Olson: Honourable senators, my question to the Government Leader relates to the difficulties being experienced by the Canadian grain industry due to the grain export enhancement programs of both the European Economic Community and the United States, and the dispute arising out of that situation.

I am aware, of course, that the problem involved in this dispute is probably far larger than simply the export subsidy enhancement programs. What has happened recently is that a serious dispute has arisen over a more specific matter; namely, the handling of the vegetable oils market in Europe and the access that the United States has to that market. The United States has announced that unless this dispute is revolved, they intend to impose import tariffs of something in the order of 200 per cent on French white wine and other commodities.

The dispute between these two entities over the Uruguay Round involving enhanced export subsidies on international grain causes a very serious problem relating to the international marketing of the grain crops of Canada and a number of other countries. I am not aware of the Canadian government having made any representations to try to separate these matters in order that we can get the international grain market back on an even keel.

Can the minister tell us if there has been any attempt made by Canada to resolve this matter, especially with respect to the grain market?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I doubt very much that it is possible to separate the issues as the honourable senator has suggested, much though we would like to do so.

The honourable senator has raised a number of subjects in his question. One was the export enhancement program of the United States. With respect to that program, I think the honourable senator is aware that we have had conversations with other countries and have raised the matter in the GATT, in the International Wheat Council and in other international organizations. We are also examining carefully our legal options under the GATT and the free trade agreement with the United States with regard to this matter.

As to the deadlock, which we continue to hope and believe has been broken between the United States and the European Economic Community, we recognize there are still some difficult issues to be resolved multilaterally, including market access in agriculture and the issue of tarrifying all non-tariff barriers without exception.

I should add, because I know it would propbably be the honourable senator's next question, that our balanced position on agriculture has not changed. We are continuing to seek a clarification and strengthening of the GATT Article XI, even though we acknowledge that we have limited support for that objective from other countries.

Senator Olson: I understand that, honourable senators. What I do not understand is whether the Canadian government is making a publicly visible effort to resolve these export enhancement programs with respect to grain. That measure is continuing to keep the price at disastrously low levels for countries other than the United States and Europe. Canada, Argentina, Australia and two or three other exporting countries in particular are still suffering.

I understand the complications. I was in Geneva not so long ago, and I intend to make a report soon to this Chamber on that visit.

However, I want to know from the minister whether or not the government intends to make some sincere attempts to get these two giants, namely, Europe and the United States, to modify this arrangement so that the rest of the grain-producing world can have some prospect of a reasonable level of market prices.

Senator Murray: Honourable senators, we think the emerging agreement on export subsidies is probably a good way to go, and we have supported that. The honourable senator will know that that agreement involves a commitment to reduce export volumes carrying an export subsidy by 21 per cent, and also to reduce export subsidy expenditures by 36 per cent relative to the 1989-90 base. Furthermore, have supported and rejoiced at the apparent unblocking of the impasse between the United States and the European Economic Community.

I do not know that making our representations in a more high profile way, as the honourable senator suggests, would move the file forward appreciably. The honourable senator knows if he has been in Geneva that our people there are making every effort to achieve the result we all want, which is to have the Uruguay round finally concluded by the end of this year, as the G-7 leaders called for last July.

Senator Olson: Honourable senators, I am aware there have been some indications that an agreement might be reached which indeed that Canada has supported. Perhaps I should not say that. I was not aware that Canada had supported it until the minister told me now. However, I am not surprised because it is in Canada's interest that this be done.

However, that is a statement of intention, an indication of what might be in an agreement, but nothing is happening. It is just words.

I think it would make some of our producers feel better if they knew the Canadian government was trying to do something to have some action, not just words. I would hope that Canada could raise its profile in coaxing or encouraging these two giants to take some action to reduce their export enhancement subsidies.

Senator Murray: The honourable senator will have followed news reports of the problems the government of France is having with farmers in that country as a result of the apparent agreement between the European Community, of which France is a part, and the United States. Notwithstanding that, we expect that the multilateral negotiations at the MTN will be quickly re-engaged in Geneva, and that the bilateral differences we have referred to over oilseed subsidies and agriculture will be resolved.

• (1510)

External Relations

Promotion of Democracy in Hong Kong by Governor—Government position

Hon. Jack Austin: Honourable senators, I wish to ask a question of the Leader of the Government in the Senate regarding the visit of the Governor of Hong Kong to Canada within the last two weeks. This is the first opportunity we have had since that visit to question the government in this Chamber.

As the Leader of the Government will know, a very considerable difference of opinion exists between the Governor of Hong Kong and the government of China with respect to the interpretation of the 1985 agreement, and with respect to the basic law which, according to China's enunciation, flows from that particular agreement.

The Secretary of State for External Affairs, during the course of the visit of Governor Patten to Ottawa, was quite effusive in her endorsement of the measures which the governor announced to promote democracy in Hong Kong. This statement by the Secretary of State for External Affairs has evoked some questioning on the part of not only the Chinese authorities but a number of people in Hong Kong with respect to the specific nature of the Canadian government's policy towards Hong Kong and China.

My question is this: Given that the Secretary of State for External Affairs has made absolute Canada's position in support of Governor Patten, what is the continuing role of the Government of Canada in support of Governor Patten's role? Why are we so effusive in supporting Governor Patten's role, and what statements do we make to the Chinese government with respect to democracy in Hong Kong and in China?

Hon. Lowell Murray (Leader of the Government): Honourable senators, a number of subjects have been raised by Senator Austin in that question. First of all, without necessarily accepting the various descriptions—such as "effusive"—that the honourable senator has employed with regard to our policy, we do support Governor Patten's proposals. We are committed to the well-being of Hong Kong. We expect the People's Republic of China to abide by the Sino-British agreement of 1984.

Senator Austin: Honourable senators, I will bring with me tomorrow the statements that appeared in the press, outlining the position of the Secretary of State for External Affairs. Senator Murray and I may use the word "effusive" differently. In any event, my view is that her position was effusive.

What I do not see in Senator Murray's answer is a policy justification beyond our general support for the development of democracy. I am wondering whether Senator Murray's comment is limited to the notion that we support the evolution of democracy, wherever it should take place.

Senator Murray: That probably would be sufficient. I hope the honourable senator would agree with that position.

Quite apart from that, we have a number of bilateral agreements with Hong Kong and are negotiating several more, such as investment protection and a Memorandum of Understanding on culture. These agreements are designed to extend beyond the period of sovereignty transfer in July 1997.

Furthermore, I am sure the honourable senator knows that Hong Kong is our major source of immigration. Over 30,000 visas will have been issued to Hong Kong residents in 1992.

Pharmaceutical Industry

Effect on Medicare Costs of Proposed Drug Patent Legislation

Hon. M. Lorne Bonnell: Honourable senators, I wish to ask a question of the Leader of the Government in the Senate regarding the proposed drug patent legislation. Many Canadians feel that medicare is being threatened by this government, and that medicare will be threatened by the NAFTA agreement.

At the same time, they are concerned that this government is proposing Bill C-91, a bill that will give 20 years' patent protection to drug companies. The minister of health of the province of British Columbia has stated that this action with respect to two drugs in particular will cost that province an extra $1.5 million. The windfall to patent drug companies will be around $2 billion if this bill passes.

My question is this: Is the Government of Canada trying to protect medicare or destroy it?

Hon. Lowell Murray (Leader of the Government): Honourable senators, with regard to Bill C-91, my recollection is that it would extend by three years the period of patent protection for these patented pharmaceutical products and put them on the same basis as other patents. In any case, honourable senators will have ample opportunity to debate that bill when it arrives in the Senate and when, if the Senate agrees, it is sent to committee.

With regard to medicare, the honourable senator and his colleagues raised this same scare at the time of the free trade debate. That scare proved to be groundless. The people saw through it. I am sure the apprehensions my honourable colleague is now raising will be viewed in the same fashion.

[Senator Murray.]

Changes to Drugs Patent Regulations—Government Position

Senator Bonnell: On a slightly different point, honourable senators, I understand that the minister of health and welfare has stated that the patent regulations for Canada relating to drug testing will be changed to allow access by Canadians to drugs that are not properly tested in Canada, as long as they are tested in some other country in the world. If that is indeed the case, we must prepare ourselves for another potential thalidomide situation.

I understand that, approximately a month ago, pressure was brought to bear on the government to release for public distribution a new drug for migraine headaches, Imitrex. The researchers involved said, "No, we need more research because people are getting chest pains and they are short of breath. The drug needs more research." The researchers, however, were apparently overruled by the government and the drug was put on the market, due to pressure from the patent drug company. Is that what Canadians are to expect from this government in the future in relation to its drug policy?

Senator Murray: Honourable senators, my friend peppers his question with affirmations and allegations preceded by the adverb "apparently". Apparent to whom? Apparent from what? If the honourable senator has some information or documentation to place before the Senate, I invite him to do so.

On the basis of his question, however, I will make the appropriate enquiries of my colleague, the minister of national health and welfare, and bring in a considered reply.

Senator Bonnell: Honourable senators, let us turn to the Montreal *Gazette* for information. An article entitled, "Ottawa ignored warning about anti-migraine drug", appears in today's edition of that newspaper. A government expert was worried about the side effects of Imitrex, but the documents show that the government overruled the experts in the department.

Senator Murray: What document?

Senator Bonnell: The document put forth by the department scientists who said that the drug should have further testing in Canada before it was released on the market.

Senator Murray: Honourable senators, it is rather irregular to proceed in this way, even in the oral Question Period in the Senate. However, as a gesture of goodwill, and since we have not seen each other in so many weeks, I will take the article from the Montreal *Gazette* and ask my friend Mr. Bouchard whether there is some information he can properly supply to us on that matter at this time.

Senator Bonnell: What is the procedure in this place? If it is not the correct procedure to ask you a question across the floor of this house, then how should it be done? Should I get down on my knees and beg?

Senator Murray: No, honourable senators, but there is a long-standing rule here and in other assemblies of this kind that ministers are not asked to comment on press reports. However, this is a matter that I recognize as being of concern

to my honourable friend. I will obtain a copy of the report and the quotations and allegations therein, if any, and ask Mr. Bouchard, the Minister of National Health and Welfare, to let me have a report on the matter.

● (1520)

Health and Welfare

Drug Patent Protection Legislation—Denial of Request by Manitoba Health Minister to Appear Before Commons Committee

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is part of the same general trend, but of a slightly different nature. The Minister of Health for Manitoba, the Honourable Don Orchard, made a statement yesterday in Manitoba that he was denied an opportunity to appear before a parliamentary committee that was studying the extension of the drug patent protection legislation, the passage of which, he states, will cost Manitoba millions of dollars. He points out that Bill C-91 will cost Manitoba $50 million in new investment right now, and the delay of $35 million for some extensive period of time.

Why would a provincial minister be denied the right to appear before a Commons committee, particularly when his province has generic plants operating, and therefore his government has an interest in this subject matter?

Hon. Lowell Murray (Leader of the Government): My honourable friend knows that House of Commons committees do not come under my control; indeed, Senate committees do not come under my control or that of the government. I have no idea whether Mr. Orchard's statement is correct or, if it is, what the explanation may be. I do not think there is anyone I can speak to in order to get a report on the matter, particularly when the deliberations of a committee of the other place are involved.

Senator Molgat: Given that explanation by the minister, I assume that when the bill comes before the Senate and its committee for study, we will have the full opportunity to hear witnesses such as Mr. Orchard and any others who have a presentation to make. The minister is saying it will be up to the committee to decide, and he will use his good offices to ensure that the committee provides that opportunity.

Senator Murray: The honourable senator refers to the committee stage of a bill that has not yet arrived in the Senate. I am very happy to have the implicit undertaking that the bill will be given expeditious passage at second reading. This will assist the committee enormously in making arrangements to hear Mr. Orchard and others who have representations to make on the bill.

Senator Molgat: With the understanding that all witnesses will be heard, we on this side of the chamber may be able to arrive at an understanding that we would be prepared to see the bill go to committee quickly.

Transport

Possible Control of Canadian Airlines International by American Airline Industry—Government Position

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): My next question concerns the proposal that the government has made to PWA and Canadian Airlines concerning their recent troubles. I was tempted to call the proposal a "Bandaid" approach, but perhaps that is going a little too far. Let us say that it is a temporary approach. However, providing $50 million to that company in its present condition does not constitute dealing with its problem.

My question is this: In the statement provided to us by the Minister of Transport, the Honourable Jean Corbeil, he gives us the terms of the agreement between Canadian Airlines International and American Airlines. At pages 6 and 7 of those terms, the agreement states that they will have the right to appoint two members of an eight-member board of directors but that, as opposed to the situation in a normal corporate structure, those two members will have immense powers because they will have ongoing veto rights over certain management decisions.

I do not know what all of the powers are. Some are listed —the appointment of the CEO, which is an important decision; the annual business capital financing plans; the capital expenditures over a threshold period; the mergers or acquisition of assets over certain amounts; and on page 7, that American Airlines will provide for CAI a whole series of things such as operations, planning, pricing and yield management, food and beverage support, technical services, international base operations and accounting. If that is part of the agreement, then surely that does indeed give effective control to American Airlines over the operations of Canadian, if that is part of the agreement. The fact that they will have two directors with those kinds of power in a Canadian corporate structure, sounds as though an independent Canadian company will not be making the decisions. It looks as if the Americans will be making the decisions. Is that the case?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I appreciate the points that the Deputy Leader of the Opposition has made. However, these are the conditions that American Airlines have laid down for its participation in the affairs of Canadian Airlines International.

That is not a done deal at this stage. It was done so the Canadian people will understand what the issues are, and so that there can be public debate on those matters that the minister, with the permission of the parties, has laid out in his statement the conditions American Airlines have placed on its possible investment in Canadian Airlines International.

The honourable senator has expressed an opinion as to whether or not this amounts to effective control. I hesitate in my present position to express such an opinion, but if it came to that it would be a matter for the National Transportation Agency to adjudicate.

Senator Molgat: Then the government is taking no position on that matter? Surely the maintenance of Canadian airlines under Canadian control is something of importance to Canada. I would think that the government would have a position on that, and not simply say that it is up to some board or commission to decide whether or not we are losing control of our airlines. If our airlines are to come under American control, and because of the nature of our population and their population, western flights instead of flying from Calgary to Toronto, might fly instead from Calgary to Chicago and then to Toronto. Bit by bit, the whole of what we, as Canadians, consider to be an essential part of our structure will fall into American hands. What is to prevent that scenario? Surely the government has a position on this, and that it is not acceptable to simply say that some board, competition tribunal, or whatever, will make the decision. Is that not a central government decision?

● (1530)

Senator Murray: The government does have a position, which is incorporated in the law passed by Parliament. It has a position with regard to the limitations on foreign investment in a Canadian airline which is limited, as I understand it, to 25 per cent of voting shares. That is our position. It is in the law. Certain authority is given to the National Transportation Agency to adjudicate these matters, if it comes to that.

I emphasize that no agreement has been concluded between American Airlines and Canadian Airlines International. The Minister of Transport has made public what conditions American Airlines has placed upon its possible investment in CAI: It is to give the employees, the company, their creditors, and other interested parties full opportunity to examine all the alternatives and seek a satisfactory solution that the government has agreed to advance the sum of $50 million to the company.

Senator Molgat: If a deal is concluded, will the Government of Canada agree to the conditions laid down by American Airlines? Does the Government of Canada agree to these provisions?

Senator Murray: Honourable senators, any agreement, once it is made, will have to satisfy the policy of the government as set out in the law and in the relevant legislation governing transport and competition law. We have set up tribunals such as the National Transportation Agency and the Competition Tribunal to adjudicate these matters in an objective and dispassionate way, as I am sure they will do.

Senator Molgat: Can I conclude from the honourable senator's reply that the government will not take a position? Will the government continue to take the position that it is up to this tribunal to make such decisions on this matter, and that the government is prepared to accept these conditions? Twenty-five per cent of the ownership, if that is standard practice, does not give the government the type of veto powers set out in this tentative agreement. Twenty-five per cent of the ownership of a corporation means that on an eight-man board the government would have two voices, but no veto.

[Senator Murray.]

Senator Murray: I do not disagree with the honourable senator. However, what I am telling him and the Senate is that there is a law which we passed, and that law provides that agreements of this kind would be subject to adjudication and consideration by the relevant tribunals. Under those circumstances, I do not think it is appropriate for me or for a minister of the Crown to express an opinion on the issues raised by the honourable senator.

The Hon. the Speaker: I wish to advise honourable senators that the time for Question Period has expired. Is there agreement to continue?

Hon. Senators: Agreed.

[*Translation*]

The Constitution

Appointment of Senators following the failure of the Charlottetown Accord

Hon. Jacques Hébert: Honourable senators, the resounding defeat of the Charlottetown Accord, and earlier of Meech Lake, has postponed indefinitely any constitutional reform of the Senate.

However, a number of changes are urgently needed with respect to Senate appointments. The democrats among us, and they are to be found on both sides of this chamber, will agree that the Prime Minister should fill empty seats by calling by-elections, in order to restore the tarnished reputation of an institution that some call outdated and give it a certain amount of democratic legitimacy.

In the November 12 *Hill Times*, Senators Murray and Macquarrie, said, which coming from the latter was particularly surprising that the Prime Minister should simply appoint new senators to fill the vacancies.

My question is directed to the Leader of the Government in the Senate. Considering the commitments made by the Prime Minister to Senate reform in the negotiations that led up to the Charlottetown Accord, how can the Leader of the government justify the words I just quoted? How can he support reverting to a method for filling Senate vacancies which has now been discredited?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, the Prime Minister of Canada will proceed to appoint senators to fill the current vacancies under the provisions of the Constitution of 1867 and 1982.

As far as an elected Senate is concerned, our position is that this question cannot be separated from the issues of Senate powers and provincial and regional representation in the Senate. Any constitutional reform of the Senate must be comprehensive.

Senator Hébert: That is all very well, but it did not prevent the Prime Minister from appointing the candidate selected by the people of Alberta. If he did it in the case of Senator Waters, what is to prevent him from doing the same in other cases?

Senator Murray: Honourable senators, the appointment of the late Senator Waters was made within the context of Meech Lake, under which provincial First Ministers had the right to propose a list of names to the Prime Minister of Canada. Since Meech Lake and Charlottetown were not approved . . .

Senator Hébert: It was the people's choice!

Senator Murray: . . . all we have is the Constitution of 1867 and 1982, and I am confident that Prime Minister Mulroney will proceed very shortly to appoint new colleagues to this chamber.

[*English*]

Delayed Answers to Oral Questions

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have answers to questions asked on September 30 by Senator Stewart regarding the financing of certain documents relating to the Charlottetown agreement, on October 15 by Senator Stewart regarding the financing of the referendum, by Senator Bosa regarding Canadian aid to Egypt following the earthquake, and by Senator Stewart regarding the proposed sale of the Truro-Sydney rail line.

The Constitution Cost and Means of Financing Referendum

(Response to question raised by Hon. John B. Stewart on September 30, 1992)

An exact accounting of all expenditures on the Charlottetown Agreement is not yet available.

At this time, the government estimates total printing costs for the Charlottetown Agreement and related documents, including summaries, a tabloid version, and the legal text, at about $10 million. Distribution costs were approximately $7 million.

Estimated costs for advertising the Charlottetown Agreement in all media (print and electronic) are about $25 million.

These costs will all be charged against the department of Supply and Services' Vote 1, consistent with its mandate to print, publish and provide other communications services, including advertising.

Cost and Means of Financing Referendum

(Response to question raised by Hon. John B. Stewart on October 15, 1992)

The proposed section 32 of the Constitution Act, 1867, in the draft legal text of October 9, 1992, provides that a revenue or expenditure bill means a bill that contains only provisions dealing with revenue or expenditure.

The Referendum Act does provide for appropriations, but its main purpose is to provide the rules and regulations for holding a referendum.

It was not, therefore, a bill that contained only provisions dealing with revenue or expenditure and would, as was indicated by the Leader of the Government in his verbal reply of October 15, have been deemed "ordinary legislation" under the reformed Constitution.

EGYPT

Canadian Assistance to Earthquake Victims in Cairo

(Response to question raised by Hon. Peter Bosa on October 15, 1992)

Canada was amongst the first countries to respond to an appeal for assistance to victims of the Cairo earthquake. On October 14, the day after the earthquake occurred, Canada contributed $200,000 towards an appeal by the International Federation of Red Cross and Red Crescent Societies. The Canadian contribution was used to supply blankets and tents.

Several Canadian leaders, including the Governor-General, the Speaker of the Senate, the Prime Minister and the Secretary of State for External Affairs, sent messages of sympathy to their counterparts in Egypt.

Canadian National Railways

Nova Scotia—Status of Proposed Sale of Truro-Sydney Rail Line

(Response to question raised by Hon. John B. Stewart on October 15, 1992)

On July 8, 1992, the Honourable Ken Streatch, Nova Scotia Minister of Transportation and Communications wrote to the Honourable Jean Corbeil stating that the province wanted assurance from the federal government of continued service in the case of failure on the part of the private operator, combined with the requirement that the rail right-of-way be maintained in perpetuity. Given these assurances, "the Province would be willing to meet with the potential short line operators to determine whether there is a common goal."

On September 17, 1992, the Honourable Jean Corbeil, Minister of Transport, responded to Mr. Streatch indicating that concerns with failure were premature. It was pointed out that the potential operators were proposing to risk significant capital investment in the line and were not doing so with failure in mind. The line still has a good traffic base and is not being sold as a lost cause.

The Minister has given assurances to Mr. Streatch and to others in the past that the CN selection process would be subject to the required federal review process, specifically by the National Transportation Agency. Additionally, it has been noted that beyond the financial soundness of the purchaser and the terms of the sales and traffic agreements with CN, which will be closely

examined during the federal approval process, the province itself will control many of the factors that will create a climate for a financially viable enterprise.

ROUTINE PROCEEDINGS

Private Bill

United Grain Growers Limited—Bill to Amend Act of Incorporation—First Reading

Leave having been given to revert to First Reading of Private Bills:

Hon. Efstathios William Barootes presented Bill S-16, to restructure United Grain Growers, Limited.

Bill read first time.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I am sure that at some stage Senator Barootes will give an explanation on this bill, and I will give an explanation from our side as to why I have granted leave. I want to make it very clear that that explanation is part of my having agreed to grant leave.

Senator Barootes: Thank you very much, honourable senators. I regret, en passant, that my position in the Senate has been changed from where I sat before where I could face my friend Senator Olson at all times and clearly hear what he was saying. Nevertheless, I shall suffer the indignity of being moved closer and closer to the door.

Following discussions we had earlier today, I want to point out the reasons for asking for this extraordinary permission. The Senate is agreeing to do this in order to meet the constraints of Parliament, particularly the House of Commons. If the Senate does not pass this legislation, there could be a delay of several months.

For example, rule 116 of the *Rules of the Senate* requires that private member bills have a seven-day free period between referral to a committee and the hearing of witnesses. If you add up the days, you can see we are approaching the deadline of December 11th when the other place will ajourn.

The House of Commons agreed to receive this bill and it is my understanding that there is agreement among the parties over there that they will expeditiously handle this bill in order to permit its passage.

Why passage now and not later? The UGG is amending its financial structure to invest in country elevators, enhance its services and upgrade its technology; things that have fallen behind in some of our agricultural transportation and elevating services.

This requires a lot of money. Construction is now well under way for 22 new elevators and next year, if they can obtain the financing, 20 more will be built. This represents about a $20-million investment in western agriculture.

[Senator Lynch-Staunton.]

Another reason is the logistics and the delay necessary for underwriters to take over after this has been restructured and do an underwriting. The company is not legally empowered to enter into such agreements until this bill has been passed. They are also advised that fund-raising from farmers for the type of undertaking for which they are attempting to raise finances can best be done in the spring, not in the summer. Therefore there is a time element which our investment houses and advisors require.

There are other difficulties, such as the drain that would occur on their cash position if they were not able to do some kind of an underwriting to undertake this new work. A number of farmers in the west have already expressed a considerable desire to invest in this new undertaking. It is desirable to get these farmers to remain within the family.

I thank honourable senators for listening to this tedious explanation.

Senator Molgat: Honourable senators, I believe that my colleague Senator Olson will speak on the bill itself, but I want to speak on the procedure because we have made a major exception on procedure today. I want to explain why it is that we have agreed to that procedure.

If my honourable colleagues will look at the rule book, starting at page 108, the rules regarding private bills, they will see there are many restrictions on private bills, and with very good reason. When Parliament agrees to pass a private bill, it is doing something exceptional, because many of the things really should be done through other means, such as the *Corporations Act*. With this bill, the Parliament of Canada is giving a private individual or group an immense amount of power, and the support of Parliament for whatever is done. So it is a serious matter.

It is for that reason that all of these restrictions have been put on private bills. Because of the public interest in this matter, I do not think we should ever agree to skipping those restrictions. There could be people who have very good reasons to disagree with what is being proposed, yet once Parliament gives its stamp of approval, this measure is beyond the reach of any of those people.

Although it was not read out, I understand from the Committees Branch, or the individual responsible, that we do have the assurance that all of the technical matters of advertising are in hand. Is that correct, Senator Barootes?

Senator Barootes: That is correct. It has been advertised in advance in the *Canadian Gazette*, the *Saskatchewan Gazette*, the *Manitoba Gazette*, the *Alberta Gazette* and all the daily newspapers of the major cities in the west for four successive Saturdays.

Senator Molgat: We are satisfied, then, that the technical requirements have been met.

I emphasize again that granting leave on something like this is not just granting leave to revert to an item. Here is one of

the articles under "Private bills." It is entitled "Suspension of Rules". It reads:

> 109. A motion for the suspension of the rules upon any petition for a private bill shall not be in order, unless such suspension has been recommended by the Committee on Privileges, Standing Rules and Orders.

Therefore the request made today really should not have been made today; it should be made two days hence under the standard practice. Furthermore, at that point the matter should be referred to the Standing Senate Committee on Privileges, Standing Rules and Orders for a ruling before returning it to the Senate. There is normally a long delay before it can be dealt with.

Because of the urgency of the situation, and because the Senate was not sitting—through no fault of the UGG or ours—it was impossible for them to make the request earlier than today. This is the first time it could be done, following the meeting of the UGG from the 3rd to the 5th of November, when this matter was agreed to, and many meetings with their locals. We, on this side, have agreed to forgo what you might call the mechanical things within the Senate; things that concern debate within the Senate, to allow it to go forward.

• (1550)

I emphasize again that these are major exceptions to our rule which has very sound reason behind it. Because those sorts of debates are mechanical within our system, we have agreed to make those exceptions. However, from a public standpoint we believe that the other rule in the Senate, which is rule 116, should not be abrogated. That is the rule which protects the public in this affair. It protects the shareholders of UGG or any member of the public who may have an interest in the matter, and allows them the time to appear before us.

That rule is clear. The matter shall not be considered by the committee until one week has elapsed from the date of referral to the committee. We insist that rule 116 be followed, not for our protection but for the protection of the public and anyone who is interested. It is on that basis that we have agreed to the procedure today.

I would also like to point out that UGG has a very particular interest for all westerners. It is a western Canadian company, based in Winnipeg, operating in the three prairie provinces. It also has a very particular interest for the Senate because the first president and the general manager of UGG, later Senator Crerar, was a long-time member of the Senate and the Government of Canada.

In 1907, Senator Crerar became the first president of the Grain Growers Company, which later became United Grain Growers. This was part of the great battle of western farmers against the traders or the grain exchange. Westerners who follow the agricultural scene will have a particular interest in this matter. It is very interesting that Senator Crerar, who spent so much time in this house, was the first president of that organization.

Second Reading

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

Hon. Efstathios William Barootes: Honourable senators, with leave of the Senate and notwithstanding rule 58(1)(*f*), I move that this bill be read the second time now.

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

Hon. Senators: Agreed.

Senator Barootes: Honourable senators, I rise to speak to the second reading of Bill S-16, an act to restructure United Grain Growers Limited. Some brief comments will illuminate this request for a private act of Parliament.

United Grain Growers Limited is a farmer-owned and controlled Canadian grain handling and marketing company, employing assets in excess of $300 million, and with annual gross sales of over $1 million. UGG is a key player and a vital force in the Canadian agriculture industry.

UGG, as mentioned, was originally incorporated under a special act of the Canadian Parliament in 1911. It is the result of a consolidation of Grain Growers Company, organized in 1906 under Manitoba charter and reincorporated on May 19, 1911 under a special act of Canadian Parliament, together with the Alberta Farmers Co-operative Elevator Company, organized by an Alberta charter in 1913.

Initially UGG was structured with one class of shares. They were called membership shares, evaluated at $25 par value. Under a plan of capital reorganization of Canadian Parliament and as ratified by the shareholders in 1941, shareholders received in exchange for each of these common shares, one new class A preferred share and one new class B membership, or voting share. Under this new capitalization, ownership of a class B share was limited to farmers, lessees and their wives. Class A shares could be held generally and trade today on the Winnipeg stock market.

UGG's business activities are centred around the concept of meeting farmers' business needs. Building upon their business direction, the company operates 266 country elevators across all four western provinces. Combined with its two terminals in Thunder Bay and one in Vancouver, UGG plays an integral role in helping merchandise the grain produced on the prairies.

UGG is an active corporation developing seed varieties for farmers and distributing crop inputs. The company is a major feed manufacturer and is the most prominent publisher of farm magazines and newspapers in western Canada. These include the *Country Guide, Grain News,* and *Cattleman.* A whole new series of publications are being undertaken at this time on a test basis.

Western Canada agriculture is in the midst of change. The marketplace for grain has been troubled in recent years as a result of ongoing subsidy battles between the EEC and the United States. The cost of producing grain has continued to

rise, and consequently farmers have seen their margins erode steadily through the mid 1980s to a point where there is considerable difficulty.

While recent events may lead in the coming year to a GATT deal, the phased-in nature of any agreement means that it will still be some time before there is stability in this marketplace. Increasingly, businesses that serve the farm community are focusing their efforts on finding ways to help farmers retain more of the limited dollars that are available in the marketplace.

One of the chief ways of achieving this is to gain efficiencies in the handling of grain and in the transportation of that grain to tide water. Simply put, returns at the farm gate are primarily the export market price, less the cost of moving that grain to the export market. Every dollar that can be saved in the handling and transportation sector is a dollar more left in the net return to a producer.

Many of the existing grain elevator facilities in western Canada were built in the earlier part of this century. Times and technology have changed. Cost-effective grain handling today involves the use of equipment, computer technology and inventory management systems—far different from the technologies that existed even a decade ago.

Significant investments are required to build new elevators and to upgrade many of our older facilities so that they can be viable and work to effectively link the farmer with his offshore customer.

Honourable senators, these investments not only represent a response to the tight money situations that face our farmers; they also represent an investment in the future of that industry. While there has been a great deal of pessimism surrounding the grain industry in recent years, world population continues to grow at a significant rate. Land is becoming an increasingly scarce resource in parts of Asia, and environmental problems are mounting in some of the other agricultural areas of the world.

Therefore, the competitive position of Canada in world agriculture markets remains strong. It is distortions in the market that have distorted our own perceptions of the strength of our industry.

Anticipating the changes in UGG's markets, in agricultural economy, technology, and the business needs of its customers, UGG directors and management proposed a capital reorganizing and restructuring plan which was approved by 95.3 per cent majority vote of the shareholder delegates at the company's 86th annual meeting in November of this year.

• (1600)

The plan is envisioned to be implemented through a petition to the Canadian Parliament, which we have just done, to effect the changes under UGG's special act. The legislation before you will see UGG's capital structure change to allow for new capital investment and allocation of the present equity and patronage dividend credits, while still preserving the existing representative membership structure and farmer control.

[Senator Barootes.]

At present the company has two avenues for access to capital—earnings and debt. Earnings would be inadequate and debt too costly to develop the cost effective measures that I have mentioned. This bill therefore provides a logical course for UGG to follow, as it would see them gaining access to equity markets which would become their permanent source of funding.

Honourable senators, to facilitate the attractions of new equity investments, this legislation will cause UGG's capital structure to be changed and the new shares created thereby to be allocated to existing shareholders, to patronage dividend credit holders and to their customers. New classes of common shares and preferred shares will replace the previous class A and class B shares.

Specifically, the existing $1,202,749 class A shares will be exchanged and converted to series A convertible preferred shares on a share-for-share basis. These shares will continue to be listed and traded on the Winnipeg Stock Exchange. The remaining equity in the company represented by common shares will be allocated as follows:

1) to holders of outstanding patronage dividend credits on the basis of the value of such obligations; and

2) to customers who have made grain deliveries to UGG during the six-year period ending July 31, 1992 on a proportionate basis.

As of July 31 this year, the book value of preferred patronage dividend credits was $21,352,000 and holders will be awarded common equity shares on that basis. The remaining equity will be allocated to customers delivering grain in the past six years ending July 31, 1992 on a proportionate basis and is based on the fact that patronage dividends have not been declared during that last six-year period on the basis of the deliveries made. Concurrent with the foregoing, all existing class B shareholders who were members will have their shares redeemed in exchange for the issue of a new membership certificate in UGG. Thereby the 75,840 outstanding class B shares, which presently are membership shares, will continue to constitute, at the beginning, the new membership of the new corporation. Presently these membership shares are 94 per cent held by single shareholders—a single farmer, lessee or wife. Approximately 40 per cent are held by residents of Alberta, 35 per cent by Saskatchewan residents and 20 per cent by Manitoba residents.

The membership structure—that is, the cooperative membership structure they have with a local delegate system—and annual meeting process of the company will be modified slightly to accommodate the changing corporate and capital structure.

The board of directors will be expanded to supplement the existing 12 farmer directors with three non-farmer directors. The farmer directors will, as in the past, be appointed by the

delegates at the annual meeting of members, while the non-farm directors will be appointed by common shareholders at a shareholders annual meeting. Certain provisions of the Canada Business Corporations Act, relating *inter alia* to the protection of shareholders, shall be incorporated by reference in the company's amended special act.

On completion of reorganization and restructuring, the company intends to make an initial public offering of its common shares. The common shares and the series A convertible preferred shares would then be listed both on the Toronto and Winnipeg stock exchanges. This initial offering cannot be legally considered or undertaken until this change to the act and the restructuring have been made available.

An advance ruling from Revenue Canada detailing the tax consequences of the plan has been obtained. It confirms that there will be no adverse tax consequences to either the company, the existing shareholders or the patronage dividend credit. This legislation enables UGG to capture new opportunities and thereby better serve its customers throughout western Canada, while at the same time creating a vested interest for its existing and future shareholders.

Honourable senators, I know that my agricultural friends support this legislation overwhelmingly and I hope this chamber will also give its approval.

Senator Olson: Honourable senators, I would like to rise briefly on this occasion to indicate support from this side of the house for the arrangements that have been made to move this piece of legislation on the modification of UGG's structure in such a way that it can be completed by the time the House of Commons adjourns on December 11. I know that they already have a house order to that effect so that date will not be changed.

I appreciate the explanation given by our house leader, Senator Molgat, as to the arrangements to try to meet that deadline. We are doing everything we can within the confines and constraints of what is just a fact of life. Neither the UGG nor anyone else is to blame. There is no use looking for someone who muddied the waters in this situation. We did not reconvene until today and the House of Commons had obtained a house order sometime ago that they would adjourn on December 11. I believe it was last January or very early in 1992. The specific date is not important.

As pointed out by our house leader, Senator Molgat, the one thing that none of us can be sure of is that there is not someone else who has an interest in this bill. I do not know whether the Alberta Wheat Pool, the Saskatchewan Wheat Pool or the Manitoba Wheat Pool have an interest in this bill. I have read it and I cannot see why they would have a particular interest in making representations respecting this bill. Therefore, the seven days that our house leader spoke about is to be maintained so that such individuals or groups have an opportunity to make their interest known to the members of the committee when we get to that stage.

• (1610)

I do not intend to repeat a lot of the technical detail that Senator Barootes so capably put on the record. He has given a lot of the technical detail as to why the UGG feels it needs this bill, or this restructuring. It is also stated in the bill. If you look at the petition at the beginning of Bill S-16, you will see that under the second "whereas," subsection (b), it says it plainly, and I commend them for stating it so clearly.

> (b) those circumstances now inhibit the growth and productivity of the Company and its ability to meet the challenges of the modern day marketplace, and impede access by the Company to new capital;

That is the primary reason they are coming to Parliament, seeking these adjustments. It then says:

> (c) the general laws of Canada do not enable the company to reorganize its capital and restructure itself so that its historic connection with the farmers of Western Canada can be easily maintained, and it is desirable to maintain that connection for so long as those farmers wish to do so;

That is important, too. To put it in plainer, briefer language than that:The local organizations of the United Grain Growers that are situated all over the prairies will still be the ultimate governing body of the United Grain Growers, and that control will not be passed to anyone other than the producers who use these marketing facilities.

The explanation has been given by our house leader as to why we were willing to give as much as we thought was reasonable; to deal today with all of the procedures ordinarily dealt with over four or five days and leave in place that public protection in case there is some other grain company or some members who wish to have some input. I know what the vote was. I point out that the vote of the delegates was 95.3 per cent in favour of doing this, but there may still be a few who believe they ought to have more protection, so they can meet here. The seven days' delay required by the committee is to be maintained for the public. That was well explained by Senator Molgat, and I will not belabour it.

I think we should move on quickly in this matter so we can get more details out during the committee stage. I expect the committee will meet at the earliest possible opportunity so that we can call in the experts. I understand also that the senior officers of the company are standing by, ready to come to the committee meeting as soon as it is called. I hope that we can proceed with the bill with all of the usual protections for people who may be interested in it, such as other companies or other members who were not involved at the delegate meeting.

I hope this bill will be passed by December 11 so that we do not have to lapse into the procedure that would be required if the bill was not passed by then. That would involve re-issue of the bill in a new session, and it would likely be the end of

March before the authority for this restructuring would be in place. That would be unfortunate, because the company is ready now to make some of the investments if we pass this bill before we adjourn for Christmas.

Senator Molgat: Honourable senators, before Senator Barootes closes off debate, I would just like to check on one last item. I assume we have the assurance of the House of Commons, having done what we have today to move this matter forward, that there will be no problems in that place in having unanimous consent to pass this bill next week when it reaches them. Is that correct? I just want to confirm that that is, in fact, the case.

Senator Barootes: I think I went as far as I could.

The Hon. the Speaker: Honourable senators, if Senator Barootes speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Olson: It is a reply to a question.

Senator Barootes: Senator Molgat, as you know, we in this institution hold to our independence as a legislative body. I suspect that the House of Commons also believes in its independence under its jurisdiction.

The best I can do is to tell you what I said earlier. I am informed that steps have been taken amongst the parties in the House of Commons that, should they receive this bill with a few days' notice, they will deal with it expeditiously and have it completed by December 11. In fact, I have every hope that they will. I wish I could give you a guarantee, but of course I cannot do that.

Senator Molgat: Do the house leaders have an agreement on this?

Senator Barootes: I am informed through the departments involved that the House of Commons are prepared, when they receive this, to deal with it within a matter of a day or two. However, I do not deal directly with the house leaders.

Senator Frith: Why not?

Senator Barootes: They have not asked me to do so. This is our bill. This is a bill we are sponsoring.

Senator Frith: But you are asking us to do something. The reason for that request is that they want the bill passed before Christmas. If you cannot give us any assurance about the actions of the other side, why did you bother doing it?

Senator Barootes: It is you who are asking us, and we, in turn, are asking that the House of Commons proceed with this matter. I am sorry, Senator Frith. I may not have made it clear. I have gone about as far as one can go in obtaining just about absolute assurance that they will deal with it as soon as we send it over. It is important that we may be about a week getting the bill there.

Senator Frith: We specifically asked, and in fact were told there was an agreement by the house leaders on the other side, that if they received the bill before they adjourned, they would deal with it on the basis of no more than one speech per party, and in one day. I said, "Well, let us be sure that Senator Barootes puts that on the record." But he cannot, apparently. We are already on the bridge.

Senator Barootes: My understanding is that that is the way they will proceed, but I cannot guarantee that somebody over there is not covered, any more than you can guarantee that every one of your members is covered.

Senator Frith: No, but what I could do in similar circumstances is to say, "Has the leadership an agreement on this matter?" That is all I was asking for. I thought you would be prepared to provide that assurance. Of course you cannot guarantee someone will not stand up and refuse leave. Of course you cannot provide guarantees concerning the other place. But what you can do here is indicate that the house leaders have an agreement. The often have agreements on legislation. I thought there was such an agreement on this particular matter. We thought we should abridge the time for Senate consideration because there had already been an agreement by the house leaders on the other side to abridge their time.

● (1620)

Senator Barootes: It is my understanding as well that they have reached an agreement to proceed with this matter expeditiously. They will probably do it in one day.

Senator Frith: That is not what it was. "Expeditiously" was not the word. It was one speech, one day. That is what we were told. The words used were not "as expeditiously as possible."

Motion agreed to and bill read second time.

Referred to Committee

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

On motion of Senator Barootes, bill referred to the Standing Senate Committee on Agriculture and Forestry.

The Senate adjourned until tomorrow at 1:30 p.m.

THE SENATE

Wednesday, December 2, 1992

The Senate met at 1:30 p.m., the Speaker in the Chair.

Prayers.

THE LATE HONOURABLE THOMAS LEFEBVRE

TRIBUTES

Hon. Royce Frith (Leader of the Opposition): Honourable senators, again we start today's proceedings by sharing a sad event: The death of our colleague, Senator Tom Lefebvre. We take this occasion not just to share the sadness of his death, but to celebrate, in our way, his life.

He was a colleague of all of us. I can say "a colleague and a friend" because Tom was one of those human beings who, once a colleague, was soon a lifelong friend. None of us here today, neither myself nor the Leader of the Government, presume to celebrate and pay tribute to his life adequately. However, each one of us can do it, if not here, then somewhere else and otherwise in our own hearts.

Let us touch on some of that life's highlights, hoping to invoke in each of us some fond memories of the ways that his life crossed ours.

Tom Lefebvre was born in 1927 in North Bay, Ontario, and began his public career in the municipality of Temiscaming, where he had purchased a service station in 1959. He served as an alderman for Temiscaming for four years and was a member of the local Knights of Columbus chapter.

Tom was first elected to the federal riding of Pontiac-Témiscamingue in 1963. He was re-elected to the seat in 1968, 1972, 1974, 1979 and 1980; each time with a bigger majority than the previous one.

He served as deputy whip for the government and, in 1972, he was asked to take on the duties of chief party whip.

Just a word about whips. It takes a special kind of person to make a good whip, and Tom was a great one. Every day of a whip's life takes a delicate balance of strength of will, discipline, charm, amiability and diplomacy. Any persons here who are or have been whips can decide whether those characteristics and qualities apply to them. It is a rare and special combination, and it was fully met by Tom, who was appropriately a rare and special man.

He cared deeply about his region and his country. He showed this concern in hundreds of ways, large and small, every year, as all parliamentarians do. I will cite only some illustrative examples. He was concerned with the economic viability of his area. In 1975 he sought the joining of the National Capital Commission with the Ottawa district office of the Federal Public Works Department in order to provide the region with cabinet representation. Then when Canadian Pacific planned to abandon the railway link between Hull and Maniwaki, Member of Parliament Lefebvre strongly objected. He argued that the existing infrastructure could not handle the trucking traffic carrying lumber and if the railway line was abandoned, the area's economy would be detrimentally affected. When the issue of separatism rose in Quebec, he actively fought against it and warned "the danger of separatism comes not in clanking armour, but cloaked in the soft robes of reason, charm and seeming candour. We may not recognize it."

[*Translation*]

As a federal member of Parliament, Tom Lefebvre made a valuable contribution. In 1975 to 1978, he chaired the Canadian delegation to the North Atlantic Assembly, an organization of parliamentarians which makes recommendations to the North Atlantic Treaty Organization, as I am sure many here are aware.

He chaired the Special Committee on Alternative Energy and Oil Substitution in 1980 and the Special Committee on Standing Orders and Procedure in 1982. Both Lefebvre reports—the reports on alternative energy sources and on standing orders and procedure —are always and indeed often quoted as a source and an authority on the subject.

[*English*]

Senator Lefebvre was summoned to the Senate on July 9, 1984. It was certainly no retirement for him. He never lost a beat, as he continued in the Senate the work he pursued so tirelessly for 19 years in the House of Commons. I know that many, especially members of the Senate committees on Internal Economy, Budgets and Administration and Energy, the Environment and Natural Resources, will miss his wise interventions and his hard, always well-researched work.

Senator Tom Lefebvre was a knowledgeable, experienced and richly positive addition to the public life of Canada and to the private life of thousands of Canadians. I know you would want me to extend our sympathies to his family, who I believe are here today, knowing that missing him in our way we can partly understand at least how they will miss him in theirs.

● (1340)

Those here today represent many beliefs, faiths and philosophies. None of us knows what lies beyond death. We can believe and can have faith about it, but can never know until we experience it for ourselves.

One thing we can know is that if a good, honest, kind and virtuous life is rewarded by a peaceful and joyous eternity, Tom is even now enjoying that eternity.

Hon. Lowell Murray (Leader of the Government): Honourable senators, last Tuesday, November 24, a good number of parliamentarians, including the national leader of the Liberal Party, the Honourable Jean Chrétien journeyed to Fort Coulonge, Quebec to bid final adieu to our late colleague, Senator Tom Lefebvre.

To have met any of the large local congregation present for the funeral mass would leave no doubt that these people were mourning the loss of an esteemed friend and neighbour and a true and steadfast defender of their interests.

Their sentiments were articulated during the bilingual service in the homily by Senator Lefebvre's parish priest, Monseigneur Douglas Bridge, and by Bishop J.R Windle of the Diocese of Pembroke.

The Leader of the Opposition in the Senate, Senator Frith, delivered a eulogy at the funeral. He spoke for all of us then as he did today, in praising the character of the public man, Tom Lefebvre, and his contribution to his constituents and to Parliament in both the Commons and Senate over a period of 27 years.

He was, as we all know, a most popular and esteemed parliamentarian among members of all parties.

[*Translation*]

Our colleague senator Lefebvre always sought a consensus and the best possible solution for all Canadians. Senator Frith just referred to the work done by Senator Lefebvre on the Standing Senate Committee on Energy, the Environment and Natural Resources. His considerable contribution to the work of this committee and his personal qualities made it possible for the committee to operate effectively in a relaxed atmosphere.

After arriving in the Senate, he showed an interest in energy issues, especially in the field of new and renewable energy sources. Recently, he expected to be actively involved, together with his committee colleagues, in a new and very important study on the environmental impact of emissions resulting from energy production and consumption in Canada.

His absence will be keenly felt, now that we can no longer depend on the invaluable advice of a man of exceptional integrity.

I wish to extend my sincere condolences to his family, on my own behalf and on behalf of the Prime Minister and our government colleagues. We will all miss Senator Lefebvre.

[*English*]

Hon. Joyce Fairbairn: Honourable senators, it is with great personal sadness that I add my words to those of others in memory of our colleague Tom Lefebvre.

We have heard of the rich background of Tom's life as a member of the House of Commons from 1965 to 1984 and here in the Senate over the past eight years. In addition to his parliamentary duties and his devotion to his area, he was also a profound and passionate advocate for the unity of this country.

Without question, he is one person in political life who had made a difference not just in our Parliamentary institutions, but to all those he has represented over 27 years as the member for Pontiac Gatineau and the senator for de Lanaudière.

My personal association with Tom and the friendship which developed from it was forged during his very special contribution as chief whip for the Liberal party at a time when I was working in a legislative role with Mr. Trudeau.

As we all know and as Senator Frith has said, there are very special qualities which are required from individuals who hold that position and, indeed, very high expectations of them. I think it is fair to say that no one really campaigns for the job of whip. Tom held that position not once, but twice in the course of the 1970s, and each was during a minority period in the House of Commons.

Being the whip is a tough job because it deals with organizing one's peers with all the cross currents of emotions, of differences, of constituency and regional pressures that exist among members and senators from across Canada. It requires tremendous patience, fairness, humour, sensitivity, and great strength. It is, I think, a lonely job, and one that requires the absolute confidence of a party leader and, indeed, all caucus members.

Tom was a truly magnificent example, not just for Liberals, but within other parties where he was viewed with genuine respect and great friendship. He walked the minefields of the tight minority situation of the Liberal government between 1972 and 1974 and lived with tremendous tension every day during that period. It never showed on the surface.

He was so effective and so resilient that Mr. Trudeau turned to him again in the months of the government of the Right Honourable Joe Clark in 1979. Tom probably groaned inwardly when asked, but he accepted and thus set himself on a course of action which really became part of Parliamentary and political history in this country.

There are still memoirs to be written about that brief period. I would particularly urge my friend and colleague Senator MacEachen to get on with writing his because he was the opposition house leader in the House of Commons at that time and worked very closely with Tom.

● (1350)

I do not want to revive unhappy memories for my government friends opposite, but Tom Lefebvre was an absolutely pivotal force in the events leading up to December 13, 1979, when the minority Conservative government was defeated on its budget by a slim vote of 139 to 133. Without Tom's work, that vote simply might not have turned out the way it did, leading to the 1980 election.

Mr. Trudeau had already announced his pending retirement as leader at the time, and I clearly remember Tom that very

night chuckling in his throaty way saying, "Well, that vote will certainly put an end to that plan," and so it did.

He was a big man with a big voice and a very big heart. His constituents, I know, because I was there, welcomed him and his beloved wife Lea into their homes and to their activities with great warmth and real affection. Already this chamber and our caucus is diminished by Tom's passing. We cannot begin to know the loss felt by the family. I offer each of them my deepest sympathy knowing that they will be sustained by wonderful memories of a wonderful man.

Hon. Allan J. MacEachen: Honourable senators, I have just a word or two because of the professional and personal association I had with the late Senator Lefebvre in those years to which Senator Fairbairn just alluded.

I led the House on behalf of the government and then on behalf of the opposition in 1972 to 1974 and, later, in 1979. Of course, Tom and I worked closely, as is necessary, in the roles which we played.

As honourable senators know, the Chief Government Whip in the House of Commons always sits behind the Leader of the Government in the chamber because of the necessity of keeping in close touch with what is happening.

Everything that has been said about Tom is absolutely true. He was steady, reliable, loyal, unflappable and had that capacity which a good whip must have; the capacity of getting along with the men and women who make up the caucus and, by whatever technique, enlisting their cooperation and support. Tom had all of that.

One happy period we had together, along with a number of others, was a visit to China in 1979. Mrs. Lefebvre was with us and added greatly to our enjoyment.

Our friendship, cooperation and sense of common understanding continued when Senator Lefebvre and I came to the Senate together. We could not quite understand, after our long service in the House of Commons, why in the minds of members of the House of Commons we had suddenly become different people, to be treated in a somewhat different way than we were when we were members of the House of Commons.

May I conclude my remarks on Tom by saying he proved brilliantly that a member of Parliament can make an outstanding contribution to the country and not become a member of the cabinet.

So many members of Parliament now believe that fulfilment only comes by being sworn in. That is not always the case. Destruction often follows that important event. But Tom proved the continuing validity of being a good member of Parliament.

I was happy to join Senator Murray and Senator Frith and other colleagues in attending the funeral. I can only express my real joy at meeting all the members of his family on that occasion. It was quite moving, and particularly, it was an opportunity to extend to Léa and to all the family my own condolences, which I again offer today.

Hon. Dan Hays: Honourable senators, I want to join with those of you paying tribute to Senator Tom Lefebvre. We worked together as members of the Senate energy and environment committee for almost all of the nearly nine years that I have worked in the Senate. Tom, by virtue of his years in Parliament during times of energy crises, and representing an energy-importing region of Canada, had a strong consumer interest as his motivation for being on the committee, in contrast to my own which is by virtue of my coming from an energy-exporting region of Canada. Without more, this made us adversaries on many of the basic approaches to energy policy. However, there was more and that was Tom's political adeptness at heading off or avoiding the irreconcilable positions which, as one might expect, inevitably arose. In fact, he facilitated the quick resolution of differences not only between ourselves, but also among others on the committee. He was a natural politician in the best tradition of those who practise that art; most comfortable with his constituents, but able to deal with any situation, a champion of the people of Pontiac-Gatineau-Labelle, the riding he represented so well for almost 20 years.

On behalf of those who served with Tom on the Standing Senate Committee on Energy, the Environment and National Resources, we will miss you and always remember your important contribution.

Our sympathies to you, Léa, and to your family, on your great loss.

[*Translation*]

Hon. Pietro Rizzuto: Honourable senators, I would like to join my colleagues in extending my condolences to Tom's family. I knew Tom when I came to the Senate in 1976. At the risk of repeating what our colleagues just said, I was able to follow his work in the House of Commons as a caucus colleague. Tom did a tremendous job as whip for the Liberal Party and for members of the House of Commons in the late 1970s and early 1980s.

I can say that not only did Tom do an outstanding job as whip, but since he came to the Senate in 1984, Tom has always been available, loyal to his colleagues, loyal to our country and loyal to his people, his constituents and all those who were there last Tuesday. We could see it in the church. We really saw everybody and could realize how involved Senator Lefebvre was in his community, his riding and his region.

We are sorry that Tom will no longer be here among us. I expressed my sympathies to his wife and children and members of his family and told them about the respect we owe Tom. His death will leave a great emptiness in this Chamber. We really wish Tom eternal rest and I again offer his family my sympathies.

Hon. Jacques Hébert: Honourable senators, of course I agree with everything that has been said so far about our late colleague Tom Lefebvre. I must say that he had been a member of the House of Commons for a long time and upon his arrival in the Senate, which I think was a year after I came

here, I right away struck up a friendship with him and we would exchange a few words or even a wink to express how we felt on some political problem or other.

At caucus meetings of Liberal senators, we were almost always side by side, as if by chance. Despite the calls to order from the caucus chairman, it was quite hard for us not to exchange a few jokes or impressions.

As was mentioned, he had a long experience as whip. When I became whip, which was not a position that I especially wanted, one of the things I did was of course to ask our friend Tom Lefebvre for advice.

I was fortunate to be able to attend the funeral with many of my colleagues on both sides of this Chamber and the House of Commons. I must say that I do not like funerals much.

But, this time, I was profoundly moved by the atmosphere in this small modest church which I did not know and by all those people who were deeply moved by the loss of someone who was certainly much more than their former member of Parliament and who was in fact their friend for as long as they could remember. This feeling was noticeable in the eyes of those people, as well as in their attitude during the ceremony.

In front of the altar, there was a casket covered, not coincidentally, by a Canadian flag. It looked as though it was draped, in that Canadian flag. At the very end of the ceremony, the local bishop came to the microphone and told us that Senator Lefebvre, who believed in Canada with all his might, had requested that during his funeral service the assembly should be invited to sing "O Canada", which is not a common occurrence in the churches of Quebec, and probably not elsewhere either.

For the first time in my life I sang our national anthem with francophones and anglophones, Catholics and non-Catholics in a church. I do not think that I had ever sung "O Canada" with so much emotion.

On that note, I too would like to offer my most sincere condolences to the family of that great citizen of our country.

Hon. Eymard Corbin: Honourable senators, I had forgotten that today's sitting started exceptionally at 1:30 p.m. I am pleased to have the opportunity to say a few words about our colleague Tom Lefebvre.

Every time I look at the Ottawa River these days, I think of our dear colleague, Senator Tom Lefebvre. Not only or not so much because his residence is located along the shores of that large and beautiful river, but perhaps mostly because Senator Tom Lefebvre had one thing in common with this great river: he always knew were he was going. To me, this river will forever symbolize Senator Lefebvre's loyalty to his country, his province and the party to which he belonged all his life.

Powerful as this river which seldom flows over, Tom Lefebvre's loyalty was unshakeable once he was committed. I cherish the years spent together in the Commons where we had met for the first time as a precious memory.

[Senator Hébert.]

We were appointed to the Senate at the same time and had the privilege of working together often on parliamentary business. We also had the pleasure of travelling to a few areas of the world with our wives.

Senator Lefebvre was close to the people. He was very devoted to his people. He was very devoted to his area, his riding, the interests of which were served and very well so by Senator Lefebvre. It was no easy task because, on the one hand, Quebec politicians tend to lose sight of so-called remote areas, in the context of Quebec, such as western Quebec. On the other hand, that area might have been overlooked because it was too close to Ottawa. So, Tom made sure that the interests of his people and his area were always well defended.

As far as I am concerned, Senator Tom Lefebvre was above all a sensible man. I think we all realized that every time we saw him work as a parliamentarian. If some people, and I believe there are very few of them, saw him as a partisan politician, we must hasten to tell them they had the wrong impression: Tom always acted according to his most honest, sincere and profound convictions.

I would like at this time to give Tom's family the assurance of my friendship; also my wife joins me in extending our deepest sympathy.

SENATORS' STATEMENTS

[*English*]

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

● (1410)

Hon. Royce Frith (Leader of the Opposition): Honourable senators, yesterday I described how, for ten days, the Conservative Government had, in the words of Senator Murray, shown nothing but contempt for the democratic process, and how it was afflicted, again in the words of Senator Murray, with "political cowardice"

Well, it is now 11 days. The contempt shown of the Canadian people grows, and the political cowardice I described becomes more firmly rooted.

Yesterday Senator Davey asked where one would find those wise and astute observations of Senator Murray. I direct colleagues to the *Debates of the Senate* of February 21, 1984, page 257, where Senator Murray was speaking on the motion for Address in Reply to the Speech from the Throne.

For the record and for the edification of Senator Grimard, I think it is important to note that when Senator Murray spoke those immortal words, the Liberal government was but three days past its four-year mandate. Three days were enough to

justify tossing around with abandon words such as "cowardice" and "contempt". One can only cringe when contemplating what Senator Murray would say today had his principles not shifted with the sands of time, and viewed from a different side of this house.

ROUTINE PROCEEDINGS

CANADA-JAPAN INTER-PARLIAMENTARY GROUP

TABLING OF REPORT OF THIRD ANNUAL MEETING

Hon. Donald H. Oliver: Honourable senators, I have the honour to table, in both official languages, the report of the third annual meeting of the Canada-Japan Inter-Parliamentary Group, which was held in Halifax and Charlottetown from August 30 to September 4, 1992.

ECONOMIC STATEMENT

NOTICE OF INQUIRY

Hon. Allan J. MacEachen: Honourable senators, I give notice that on Friday next, December 4, 1992, I will call the attention of the Senate to the economic statement to be made today by the Minister of Finance.

ROSE/ROTH SEMINARS

NOTICE OF INQUIRY

Hon. Earl A. Hastings: Honourable senators, I give notice that on Monday next, December 7, 1992, I will call the attention of the Senate to the Rose/Roth Seminars held in Moscow, Russia on June 29, 1992, and in Tallinn, Estonia on October 28, 1992, and to the participation therein of the Senate of Canada.

CHILD POVERTY

PRESENTATION OF PETITIONS

Hon. H.A. Olson: Honourable senators, I have a petition signed by 15 Canadians who wish to petition the Senate to take action respecting child poverty in Canada. The text of this petition has been read to the Senate a number of times so I will not read it again.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 508 citizens of Alberta who oppose the goods and services tax.

These petitions come mainly from Pincher Creek, Lethbridge, Calgary and Bellevue.

I have the honour to present petitions signed by 500 citizens of Quebec who oppose the goods and services tax.

These petitions come mainly from Dolbeau, Trois-Rivières, Shawinigan South, Laterrière, Saint-Honoré, Falardeau, Ile Perrot, Chicoutimi North, Saint-Germain, Saint-Nicéphore, Saint-Odilon, Saint-François-de-Sales, Vaudreuil, Quebec City, Charlesbourg, Drummondville and Jonquière.

These petitions were signed back in June, 1992, in case Senator Murray was wondering.

A grand total of 1,008 citizens that the Goods and Services Tax has been hurting for two years and who have not given up the hope of being heard one day by a more compassionate government than this one.

• (1420)

[*English*]

QUESTION PERIOD

PHARMACEUTICAL INDUSTRY

REASONS FOR PROPOSED DRUG PATENT LEGISLATION—REQUEST FOR ANSWER

Hon. M. Lorne Bonnell: Honourable senators, my question is for the Leader of the Government in the Senate. What reason does the government have for bringing before Parliament Bill C-91? I understand that one of the great advisors to the Tory party, Dalton Camp, says he cannot understand why a Tory would ever think of bringing such a bill before Parliament. What is the philosophy behind this bill?

In the *Toronto Star* of December 2, 1992, Dalton Camp writes:

> Those familiar with contemporary Tory dogma, including true believers, cannot locate the source of the government's deep-seated concern for the patent drug manufacturers, all of whom are from elsewhere. Certainly it has nothing to do with the competition since, in the drug business in this country, there is none. Nothing to do with deregulation since, as with the original bill, this son of C-22 imposes more regulation.

Where did the policy come from? Whose idea was it, and who put it forth in the Tory party?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the short answer to the question is to refer my honourable friend to the draft agreement reached by the participants in the multilateral trade negotiations and contained in the so-called Dunkel report of approximately a year ago. At that time, Mr. Wilson, the Minister of International Trade, announced that we would be implementing the agreement concerning intellectual property rights as of that date, December 1991.

Senator Bonnell: Since you have gone that far back, can you tell me where the Tory philosophy originated to put that measure into the free trade agreement, and to do away with medicare and drug control in this country?

Senator Perrault: They will try to blame Laurier!

Senator Murray: Honourable senators, today, as yesterday, the honourable senator has raised the old and thoroughly discredited and deflated Liberal scare about the impact of the free trade agreement between Canada and the United States on medicare. The honourable senator may recall, to his sorrow, that when that scare was raised by the Liberal party during the last election, none other than the Honourable Emmett Hall, widely regarded as the father of medicare in this country, came forward to point out quite eloquently that the assertions of the Liberal party on that subject were absolutely without foundation.

Senator Perrault: And history has proved him wrong.

Senator Murray: Honourable senators, my reference to a trade agreement was not to the FTA; it was to the GATT, the multilateral negotiations in respect of which there was a consensus report issued by the Secretary General, Mr. Dunkel, last December.

As I said yesterday, effectively what will happen under this bill is that the patent protection will be extended, I believe, for another three years, and patented drugs will be placed on the same basis as other products covered in that section.

There is a great deal that can be said about this matter with regard to research and development investments in Canada, and also with regard to the fact that since Bill C-22 was passed by Parliament a few years ago, the prices of patented drugs have remained below the rate of inflation in this country.

Be that as it may, all of this is material for debate on Bill C-91, which will doubtless take place if and when that bill passes the House of Commons and comes to this house.

Senator Frith: Do not blame us, Lord; GATT made us do it!

BENEFIT TO CANADIAN CONSUMERS FROM PROPOSED DRUG PATENT LEGISLATION—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, it is nice to hear those words from the Leader of the Government in the Senate. He has a great command of the English language when it comes time to cover up. The fact is that his good advisor and Mr. Diefenbaker's good advisor, Dalton Camp, says this:

> Bill C-22, which was passed with some difficulty (thanks to the Senate) in 1987, created the Patented Medicine Prices Review Board, which was simply a fancy name for an outfit of indolents charged with keeping the generic drug manufacturers at bay so that the pharmaceutical manufacturers could enjoy greater profits for a longer time.

That is what he said.

Senator Cools: What are you reading from?

Senator Bonnell: I am reading from an article in the *Toronto Star* of December 2, 1992.

[Senator Perrault.]

Dalton Camp writes:

> The cost of drugs is already escalating in happy anticipation of the passage of C-91.
>
> In October, the prescription drug "Slo-K" (30 tablets) cost a consumer $9.45; in November, the same drug cost $11.17.

Senator Perrault: Disgusting.

Senator Bonnell: Mr. Camp goes on to say:

> Over the same two-month period, the cost of Novosemide (75 tablets) increased from $7.86 to $9.32.

Lanoxin, which many senators are probably taking for their heart, cost $11.35, but in November it went up to $13.30.

Senator Perrault: You are giving us a lethal dose of bad government.

Senator Bonnell: A spray called Nitrolingual, which you put under your tongue after you have had a heart attack, increased in price from $23.01 to $24.41 over the course of two months.

The drug Diltiazem was $38.32 one month, and the next had gone up to $39.72.

Senator Perrault: The whole country needs headache pills.

Senator Bonnell: Isordil, another heart pill, was $14.39 and rose by $1.20 in 30 days.

Honourable senators, the Patented Medicine Prices Review Board is doing no good. The anticipation of Bill C-91 is not helping the situation, either. My question is this: What will the government do to help consumers instead of manufacturers and drug companies in other countries?

Hon. Lowell Murray (Leader of the Government): Honourable senators, as I have already pointed out, in the years since Bill C-22 came into effect, the price increases of patented drugs have been below the increase in inflation.

Senator Thériault: Says who?

Senator Murray: With respect to how many products can you say that is the case?

Senator Frith: Flim-flam.

Senator Murray: Honourable senators, my friend has quoted at considerable length from a newspaper column written by Mr. Dalton Camp. Mr. Camp is a friend of mine, and a journalist. He is not a minister of the Crown. He is not a public servant.

Senator Thériault: He tells the truth.

Senator Murray: I am no more responsible for his opinions than he is for mine. All I have to say is that the time and place to quote Mr. Camp or anyone else as an authority on these matters is when Bill C-91 comes before us for debate, as I trust it will shortly.

Senator Bonnell: Honourable senators, I do not want to say that the minister is wrong, but —

Senator Frith: Why not!

Senator Bonnell: I think he is stretching the truth when he suggests that the Patented Medicine Prices Review Board kept the price of drugs below the cost of inflation in this country, which was down around 1 to 3 per cent.

Senator Barootes: It was not. It was 6 to 7 per cent last year.

Senator Bonnell: You have been telling us how the inflation rate has gone down, interest rates have gone down, the dollar has gone up, and now you have a different theory.

Senator Barootes: This year!

Senator Bonnell: I know that Senator Barootes' patients want him to support me in trying to keep the price of drugs down, rather than asking for the big companies, the Americans and the Japanese to take money away from our poor Canadian taxpayers who are having a tough time. Since that will increase the cost of medicare, what we are really doing in this country is destroying the medical system we are so proud of.

● (1430)

Senator Murray: Honourable senators, these are matters for debate. I hope and expect that we shall have a debate at the appropriate time.

INCREASES IN EMPLOYMENT SINCE PATENT ACT AMENDMENT—REQUEST FOR STATISTICS

Hon. Raymond J. Perrault: Honourable senators, I have a further question on this subject. The Leader of the Government in the Senate may not have a reply in his desk to this question, but that well-heeled pharmaceutical lobby in Ottawa could easily provide it by telephone within a few minutes.

How many jobs have been created in Canada since the last round of greedy grasping at additional profits was authorized by Parliament? How many were sales jobs? How many related to original experimentation and development of new drugs?

An. Hon. Senator: Call Judy!

Senator Perrault: This is a valid question, but you are too slow to understand what I am trying to ask.

Senator Simard: Follow the rules.

The Hon. the Speaker: Order! Order, please.

Senator Perrault: The last time this matter came before the Senate committee by way of Bill C-22, I participated in those hearings. We were told at that time that those measures would open up a vast, new area of research in Canada, and that every province would benefit from this great expansion of opportunity for the drug companies through extra profits without extra plants.

Senator Barootes: They went to B.C.!

Senator Perrault: They are now waiving an experimental facility in British Columbia. They are telling British Columbians, "If you get behind this measure and support it, you will get a plant in British Columbia that manufactures headache pills" or something.

Senator Barootes: If you do not want the factory there, we will take it in Saskatchewan.

Senator Perrault: The eight years of Conservative government have placed this population in bad need of pain killers and valium. We should be producing more of that.

How many have been research jobs? That was the promise held out the last time we went through this process. How many of those jobs related to increasing the sales force? How many of them related to testing drugs that had been developed in other countries of the world? Those are three questions and they invite specific replies.

I have no doubt that if Parliament passes the bill now before us, in another two years they will say that "Our profits still are not large enough; we want another five-year extension."

Hon. Lowell Murray (Leader of the Government): Honourable senators, there should be no difficulty in obtaining the dollar figure of investments in the pharmaceutical industry in the past two years, or in obtaining some reading on the number of jobs that have been created. I do regret that Senator Perrault looks down his nose at sales jobs, however.

Senator Perrault: I do not look down my nose at sales jobs. We were promised original Canadian research facilities in this country. We were told at those hearings that this measure would vastly enhance Canadian science and research. We were told that we would not just be testing the AIDS drugs in Canada, but would be developing new substances to counteract AIDS and other diseases. I want to know whether we have done this.

I should like to know from the Leader of the Government in the Senate the specific illnesses which have seen Canadian researchers develop some answers right here in Canada.

Furthermore, I am shocked to hear members of the medical profession on the other side fighting for higher drug prices.

Some Hon. Senators: Yes.

Senator Perrault: It seems rather disgraceful.

Senator Frith: Doctors, shame!

THE CONSTITUTION

PURCHASE OF MEDIA TIME AND SPACE—REQUEST FOR INFORMATION

Hon. Peter A. Stollery: Honourable senators, I have a question on a slightly different subject. I realize that the minister may not be able to answer this question now, but could the Leader of the Government tell us how much media space and time was purchased on behalf of the federal government by

the Genesis Media company during the months of September and October 1992?

Further, can the minister tell us how much of that money was specifically directed towards supporting the "Yes" side of the constitutional referendum issue? Further, could the minister tell us how much of that money was directed to the following campaigns: the Federal-Provincial Governments want a constitutional agreement; the shop-Canadian campaign; and the Canada 125 campaign?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not know the company that the honourable senator has mentioned, but I can get that information for him.

In answer to the question as to how much money the federal government spent on advertising in support of the "Yes" side of the referendum, the answer is zero.

Some Hon. Senators: Oh!

Senator Stollery: In that case, honourable senators, I have a further question. In addition to my previous three questions, how much time and space was purchased for the federal government by Genesis Media for the week preceding October 26, and how much time and space was purchased for the federal government by Genesis Media for the week following October 26?

Senator Murray: Honourable senators, I will be glad to look into that matter and to bring the information to the house as soon as possible.

INDIAN AFFAIRS

DENE CLAIMS RESPECTING LANDS COVERED BY NUNAVUT AGREEMENT— GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government and concerns the Nunavut agreement in the Northwest Territories. I want to make it clear at the outset that I do not question the right and the decision of the Inuit people who voted on this matter. The quotes that I am about to read are not a criticism of the decision, but that has resulted in is a serious problem for some of the Dene or Indian bands in northern Manitoba.

To make the decision clear, I want to quote from a few of the leaders of that area. Band councillor Ernie Bussidor of the Fort Churchill Dene First Nation at Tadoule Lake says:

> For a decade or more, Manitoba Dene have been fighting to gain access to their traditional land across the 60th parallel, which separates the western provinces from NWT.

The land had been claimed earlier as part of the Northern Manitoba Dene's land entitlement under Treaty 5, signed in 1910.

Another leader, councillor Jerome Denechezhe, said:

[Senator Stollery.]

> We told them numerous times it was our land. Our elders have used that land and continue to occupy that land.

Chief Harold Turner, chairman of the Manitoba Keewatinowi Okimakanak said that the claims have been consistently ignored by federal Indian Affairs Minister Tom Siddon.

Another chief, Simon Samuel of the Northlands Denesuline First Nation at Lac Brochet, said that the minister and Canada ". . . have slammed every door in our faces when we tried to open the boundary issue."

The problem is that those northern Manitoba bands traditionally have hunted and occupied some of that land, not a large piece of the Nunavut settlement but north of the Manitoba boundary into the Northwest Territories, yet the Nunavut agreement does not include them at all. Apparently the federal government has not been prepared to listen to any of their claims.

Can the minister tell me why the government will not listen to them? Will they not consider the traditional claims of these bands to a small part of that territory?

● (1440)

Hon. Lowell Murray (Leader of the Government): Honourable senators, what I can do is obtain a report on the matter from my colleague, the Minister of Indian Affairs and Northern Development, and bring it to the attention of the Senate in a very short time.

THE ECONOMY

MONETARY POLICY OF GOVERNMENT

Hon. H. A. Olson: Honourable senators, I wonder if the Leader of the Government could give some assurance that this government will have a consistent, stable monetary policy —

Hon. Lowell Murray (Leader of the Government): Yes, honourable senators.

Senator Olson: —and the interest rates that go with it? In the last little while we have seen the Bank of Canada change its so-called bank rate. It has been going up and down like a roller coaster. The banks themselves have changed their prime rate in the same way. In fact, in October they changed the prime rate by nearly 200 basis points in one week, even in advance of the Bank of Canada changing the bank rate.

This kind of monetary policy is extremely discouraging to anyone making capital investments because they cannot have any confidence that the monetary authorities, led by this government, will provide stability so that they can know what the interest charges will be on the capital they require. It seems to me that it would not be too difficult for the government to indicate that it will be the policy of the government to provide some stability, and do the things necessary to maintain that stability. My question is: When will this government do that?

Senator Murray: Honourable senators, the assertion of the honourable senator that capital investment has been discouraged by our monetary policy is not borne out by the facts. Capital investment has been increasing quite considerably, and I could put those statistics on the record for the honourable senator, though I will not do so at the moment.

As to the intervention of the Bank of Canada in the money markets and the weekly setting of the bank rate, I do not think it is accurate to say that it has been up and down like a roller coaster. The honourable senator is well aware of how volatile conditions have been in the international markets in Japan, Europe and elsewhere, and he will also be aware of the need to respond to those conditions, as the governor of the bank has done.

I would not describe the fluctuations in the bank rate in recent weeks, or even months, as being akin to a roller coaster. I should also point out that the bank rate is now set on Tuesdays, and I am sure the honourable senator will have greeted with satisfaction, as I did, the fact that yesterday the governor of the bank lowered the bank rate by 55 points.

Senator Olson: It went up 90 points the week before!

Senator Murray: The trend of the bank rate in recent months has been downward, and I hope that the honourable senator will find that this afternoon's statement by the Minister of Finance in the House of Commons will be such as not to place an undue burden on the monetary authorities.

Senator Olson: Honourable senators, the minister claimed that the bank rate had not been up and down like a roller coaster, then he proceeded to prove that it had been. It did go down on Tuesday; I do not remember the exact number.

Senator Murray: It was 55.

Senator Olson: Yes, and it went up about twice that amount the week before. If that is not tantamount to a roller coaster, I do not know what is.

The Leader of the Government surprises me when he says that capital investment in recent months has been so good, or something to the effect that it was satisfactory and that it could not be improved upon. If 1.6 million unemployed in Canada is a reflection of the level of capital investment that generates jobs in this country, and if that is satisfactory to the government, I think people would be interested in knowing that. Surely the minister did not mean that—or did he?

Senator Murray: Honourable senators, my friend speaks about unemployment, and he is right, it is unacceptably high, and we are doing everything we can to get it down. I have to tell him that employment rose by some 64,000 jobs in the last six months. So we are creating jobs fast enough to cover the quite considerable annual increase in the labour force, and then some.

YUGOSLAVIA

REFUGEES SEEKING ASYLUM IN CANADA—GOVERNMENT POSITION

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. Given the deteriorating situation in what was Yugoslavia, which has created hundreds of thousands of refugees, has the Canadian government made provision for accepting some of those refugees, and if so, have there been many requests? How many of those refugees are seeking refuge in Canada?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would have to ask for a report on that matter from my colleague, Mr. Valcourt, the Minister of Employment and Immigration.

UNITED NATIONS

APPROVAL OF U.S.-LED FORCE FOR SOMALIA

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the Leader of the Government may know the answer to this question or he may not. I was looking at a report in the Ottawa *Citizen* concerning the UN Security Council approval of a U.S.-led force for Somalia. The second paragraph reads:

> The force would be charged with disarming the warring factions there and ensuring that international aid reaches that country's starving people.

Is this the first time we have ever participated in such an operation? In fact, it may be the first time that there has ever been such a UN operation. I am referring to crossing the borders to disarm combatants in order to make sure food gets through. I am not making any comment about whether it is good or bad, I just wonder whether that is the first time such an operation has taken place.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I believe it is, and that it is the first time there has been such an exercise contemplated by the United Nations.

FOREIGN AFFAIRS

RELEASE OF INFORMATION BY RUSSIAN AUTHORITIES ON 1983 DOWNING OF SOUTH KOREAN AIRCRAFT

Hon. Allan J. MacEachen: Honourable senators, I have a question for the Leader of the Government. During the recess, the Soviet authorities released information with respect to the downing of the Korean airliner. Apparently all the communications that were held in the Soviet ministry were released. We hope they will throw some light on how that very tragic event occurred.

At the time, Canada took a very serious view because Canadian lives were lost and Canada-Soviet relations were put in the deep freeze for a considerable time. I also believe we asked for compensation and that at the time the Soviet Union was very reluctant to even answer communications from the Government of Canada. That is in the past.

I wonder whether, upon examination of this additional information, the Department of External Affairs and the Department of National Defence have had any reason to revise the attitudes which were taken at that time based on the information at hand, and whether Canadian interest in this matter is still alive? Are we holding any discussions with Russian authorities subsequent to the new information? Honourable senators, I give the question as notice, if the leader wishes to take it as notice.

Hon. Lowell Murray (Leader of the Government): Yes, honourable senators, I shall have to make inquiries and report back.

NATIONAL DEFENCE

REPORT OF TASK FORCE ON MILITARY HISTORY MUSEUM COLLECTIONS—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is with regard to the report tabled last year by the Task Force on Military History Museum Collections in Canada. This task force was established by Mr. McKnight back in June 1990. The report is dated January 1991. There was a press release from the minister, Mr. Marcel Masse, in April of 1991.

● (1450)

There has been no response from the government to this task force report, yet I believe the subject matter had been considered urgent. In fact, that body reported very quickly, which is unusual for task forces.

When can we expect the government response to the proposals contained in that report?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will have to make inquiries.

AGRICULTURE

DRAFT REPORT ON GRAIN TRANSPORTATION—REQUEST FOR COPY

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): While the Leader of the Government in the Senate is making the previous inquiry, perhaps he could also try to obtain for us a copy of the draft report on grain transportation which was worked on by the provincial and federal agricultural ministers earlier this year. That draft report apparently indicates that Manitoba farmers will have to pay triple the rate to ship their grain. There has been an admission to that effect by the Manitoba agriculture minister. I presume if the provincial minister agrees that it will triple the rates, then that must appear in the report. Could we obtain a copy of that report?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall ask my cabinet colleague what information he can properly table in the Senate on that matter at this time.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move that all further orders, motions and inquiries be allowed to stand, on the understanding that the calendar will not be altered.

The Hon. The Speaker: Is that agreed, honourable senators?

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 3, 1992

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

Prayers.

DISTINGUISHED VISITORS IN GALLERY

SENATOR MIGUEL ALEMAN AND JORGE DE LA VEGA

The Hon. The Speaker: Honourable senators, I would bring to your attention the presence in the gallery of Senator Miguel Aleman, accompanied by His Excellency, the Ambassador to Mexico, Mr. Jorge de la Vega.

Senator Aleman is treasurer of the PRI Party, the government party of Mexico, and is here on a working visit. Welcome.

Hon. Senators: Hear, hear!

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS REMAINING IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, for 12 days now the government has shown, according to the words of Senator Murray, "political cowardice" and "contempt" for the democratic process because of its failure to hold a general election.

Yesterday, I provided all senators with information as to where they could find these wise words of the Leader of the Government in the Senate. Those who rushed to the *Debates of the Senate* of February 21, 1984, and after reading his entire speech, would undoubtedly have checked to ensure that, in fact, it was given in 1984 and not in 1992. I suggest to honourable senators that they think of him giving the speech when he was on this side of the chamber. At that time Senator Murray also stated:

> The new government that will be elected soon—or as soon as the present government has the courage to call the election in this fifth year of its mandate—will have to grapple with many serious problems, chief among which is the dismal state of our economy. The Canadian economy is in a prolonged period of underachievement: underachievement by our own historical standards and underachievement by current international standards. The most urgent problem facing the new government will be to reverse the economic decline that we have known.

I say to the leader of the Government in the Senate "Hear, hear!"

His words, as I will show next week, were misplaced in 1984 but they are very timely today. The sooner that he and his colleagues summon up the courage to call an election, the sooner he will be able to repeat such eloquence from where he belongs, namely, on this side of the chamber.

JAMES ROBINSON JOHNSTON CHAIR IN BLACK CANADIAN STUDIES

ESTABLISHMENT OF CHAIR AT DALHOUSIE UNIVERSITY

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I would like to register my congratulations to Senator Oliver for his part in an event of historic importance to Canada's cultural life, as celebrated last evening under his auspices. I speak of the establishment of the James Robinson Johnston Chair in Black Canadian Studies at Dalhousie University. From the material that was available at the event he hosted last evening, and from other material that I have obtained, I can note for our record those congratulations.

The James Robinson Johnston Chair in Black Canadian Studies is the first chair and related academic program in the country dedicated to the study of Black Canadian perspectives, history, culture and contributions.

I was particularly struck, as were many others, that this occasion marked not only the establishment of a Chair for a professor, but that the program combines a number of vehicles to elucidate Black perspectives of Canadian history and culture for local and national academic institutions and community organizations. These include teaching, research and community service; scholarships for Black graduate students; curriculum revision and development; library acquisitions; and visiting lectures.

I congratulate Senator Oliver and everyone else who had anything to do with this important event. I feel that the fruit of this historic tree will nourish Canada's social, economic and cultural life for countless generations.

ECONOMIC STATEMENT

IMPACT ON POOR CANADIANS

Hon. Philippe D. Gigantès: Honourable senators, it is now one day after the so-called mini-budget. Instead of attacking unemployment, the government has attacked the unemployed. There are 3.8 million Canadians who live below the poverty level, including 1.3 million children.

A recent report quotes U.S. branch plant managers as saying that "After the free trade deal passed, of course we rethought our situation and decided that all we needed here

was a warehouse, and we would relocate south of the border," as we have seen.

The proposed drug bill will soon be before us. The drug companies will continue to gouge, as they have been doing since 1969.

DAI AL-MUTLAQ

OPPOSITION TO INCORPORATION AS CORPORATION SOLE

Hon. Philippe D. Gigantès: In times like these, honourable senators, it is outrageous to me that government senators are persisting with Senator Atkins' bill to incorporate the Dai al-Mutlaq as a corporation sole. This is a weird, contentious, querulous sect from Bombay. It is proposed in this bill that the tyrannical and much opposed leader of this sect be recognized by the Senate of Canada as a corporation sole, to be able to handle the money of this sect without any control by a board of directors. Why? Because he has paid a fat fee to a Tory lawyer in Toronto, who happens to know the Leader of the Government, who has asked Senator Atkins to push this thing on us.

They fiddle while Rome burns, doing favours for dubious characters, for dubious clients of dubious Tory lawyers, instead of dealing with more important issues. They want us to send this bill to a committee, taking up the time of senators and of Parliament and wasting money in order to do a favour for somebody whom half of his followers consider a criminal.

TRANSPORT CANADA

CANADIAN COAST GUARD—STATION CLOSURES IN NEW BRUNSWICK AND NOVA SCOTIA

Hon. Eymard G. Corbin: Honourable senators, some time ago I brought to the attention of this house a campaign by the Letete Central Monitoring Station in New Brunswick.

As a follow-up in this matter, Mr. Ralph A. Eldridge, Keeper of the Letete Central Monitoring Station, has again written to all members of Parliament seeking their support to prevent the closure of this station. I would put on the record his brief letter of November 25, 1992, in which he says:

> Honourable member;
>
> I am again writing to you on the matter of de-staffing lightstations in general and Letete CMS in particular.
>
> The Department of Transport, on review of the costs of establishing a central lightstation monitoring facility for the Maritimes, now admit that locating at Saint John, N.B. will not save any money.
>
> The un-admitted truth is that locating at Letete, N.B. will be $40,000 to $50,000 per year cheaper and has the added benefit of maintaining 4 existing jobs in a depressed area —

— an area that I know well —

> — instead of spending money to try to create new jobs.

[Senator Gigantès.]

With Parliament now sitting and the national economy being an agenda priority, I would point out this small but real opportunity to put into practice a bit of the fiscal policy for assisting employment while reducing the cost of government services.

I again ask that you make representation to the Minister of Transport, on behalf of Lightkeepers, and urge the Minister to "KEEP LETETE", and to maintain our few remaining staffed lightstations.

Mr. Eldridge adds:

> P.S.: Received your letter regarding raising this matter in the Senate. Thank you for getting it on the record.

I therefore urge the Minister of Transport, and whoever is taking notes for him out there, to hear the people of Letete. Hear the workers of the central monitoring station.

DAI AL-MUTLAQ

OPPOSITION TO INCORPORATION AS CORPORATION SOLE

Hon. Eymard G. Corbin: Time permitting, I would turn to another subject and endorse, for other reasons, the comments made by my colleague Senator Gigantès regarding Dai al-Mutlaq and his incorporation as a corporation sole.

• (1410)

I believe this matter to be so controversial that it ought not to go to committee before it receives a full airing of views from senators on both sides of the house at second reading stage. In fact, as one who opposed the incorporation of Opus Dei for other reasons, I have even graver and more serious reasons for opposing this group. I will fight them to the end.

VIOLENCE AGAINST WOMEN

THIRD ANNIVERSARY OF TRAGEDY AT L'ÉCOLE POLYTECHNIQUE

Hon. Joyce Fairbairn: Honourable senators, for the past three years at this time, we have set aside a few moments to reflect on the issue of violence against women. Last year, December 6 became a national day of remembrance. I would like to say a few words today because the Senate will not be sitting on that date.

We did not choose December 6 as the day to talk about this issue. Three years ago, that day was chosen for us by a deranged individual with a semi-automatic weapon and plenty of ammunition. He walked into L'École Polytechnique in Montreal and gunned down 14 students. It was a massacre. There is simply no other way to describe it.

What makes his actions even more horrifying and chilling is that the killer segregated his victims by gender and, expressing his hatred for feminists, killed only women before turning the gun on himself.

The 14 young women whose lives ended that day were: Genevieve Bergeron, Hélene Colgan, Nathalie Croteau, Barbara Daigneault, Anne Marie Edward, Maud Haviernick, Barbara Marie Klueznick, Maryse Laganiere, Maryse Leclair, Anne-Marie Lemay, Sonia Pelletier, Michelle Richard, Annie St. Arnault and Annie Turcotte. We remember their names because they are not faceless and anonymous statistics. They represent sisters, daughters and friends. We also remember and pay our respects to the families and friends who still suffer the heartbreak and anguish of seeing those young lives ended so brutally.

December 6 is a day to remember all the other victims of violence against women across this country and the people they leave behind. Recently released figures from Statistics Canada reveal the continuing and shocking reality: 49 per cent of all violent crimes in Canada are committed against women; 34 per cent of all homicide victims are women; 62 per cent of assaults on women and 67 per cent of murders of women take place in their own home; and 48 per cent of women murdered are killed by their spouse. It is estimated that figure could rise upwards of 78 per cent if the attacks of current and former male companions were included.

This is by no means the whole story. It is estimated that less than one-third of all incidents of violence against women are even reported. We do not know about it. It is hidden. It causes untold hardship and indescribable pain. It is rooted in economic difficulties and poverty, in alcohol and drug abuse, in a too easy acceptance of violence as a way to solve inter-personal conflicts. Much of it has its roots in behaviour learned from abusive parents, grandparents and other relatives. It becomes easy to do and easy to get away with. It leads to unequal treatment, discrimination, harassment, assault and rape. The ultimate manifestation is murder.

The gun control law passed about a year ago is in effect. By no means is it perfect. However, it is a step in the right direction. We have also taken steps to protect victims of rape and sexual assaults through the rape shield law which came into effect this summer.

The Canadian Panel on Violence against Women has been holding often agonizing hearings across the country over the past year and will report its findings and recommendations next spring. A private members' bill has been introduced by our women's critic, Mary Clancy, in the House of Commons to attempt to deal with chronic abuse of wives and children.

Now we are seeing women reach the point of fear and despair where they take violent action themselves against an abuser, compounding the violence into a full circle. In some instances, the courts have taken into account in their decisions the overwhelming impact that persistent battering has on a spouse.

I notice today some of our colleagues are wearing the white ribbon. The White Ribbon Campaign initiated last year by men against violence against women has expanded, and it offers a welcome and valuable focus on the issue. It is working in terms of advocacy, but also to encourage men who commit violent acts to seek help to face and understand their situation.

The simple message of this special day, and of every other day, must be that society cannot tolerate acts of violence or terrorism against women, children, and men. As legislators and individuals, we must use every opportunity to make that message a reality, and end the tragic waste of lives and productive futures of thousands of Canadians in every part of this country each year.

[*Translation*]

Hon. Thérèse Lavoie-Roux: Honourable senators, I want to join with my colleague Senator Fairbairn and all the honourables senators in this House to commemorate this day which has been dedicated to the opposition to violence against women, children and society as a whole.

I would rather not go back over the events at the Ecole Polytechnique because I was associated to them indirectly, not to the extent and in the same way of course as the parents whose daughters were killed in that tragedy, but I knew several of the young women who were studying at the Ecole Polytechnique as they were friends of my daughter's. So we have lived those events with some intensity.

Must I remind you that even the Ecole Polytechnique tragedy does not seem to have hit home. I can only talk for Quebec because that is where I live and we do not hear much about what is going on in the other provinces, although the situation in Manitoba comes to mind, where the number of women victim of violent death is very high.

We could talk about violence against native women because this is a very big problem in their communities. Just a couple of days ago, a women killer was found, with an admitted dislike for women since his childhood. He has not been charged yet, but he did confess to having killed two, three women, maybe more. That has not been established as of yet.

I would like to take this opportunity to underscore the move—and it may mean that there is hope after all—the young Virginie Larivière made a few days ago when she came and tabled in the House of Commons a petition signed by 1,250,000 people, if I am not mistaken, calling for concrete steps to be taken against violence.

We could—and I think we should do so in this House —commemorate December 6 year after year. We should really go beyond these kind words which, unless translated into actions, become almost meaningless.

I would like to point out the action taken by the Minister of Health and Welfare who has just granted funds to five universities across Canada—one in Western Canada, one in Ontario, one in Quebec, one in the Maritimes and a fifth one I do not know where —specifically to look for and thoroughly research the causes of violence.

It is time for action. We know the statistics. The saddest thing is that they seem to get higher from one year to the next instead of going down. It is high time we act on this.

I do not know whether the measures announced by the Minister of Finance yesterday will limit the amounts granted to these institutions and to certain interest groups. I do not know and I have some reservations about this. Nevertheless, will these cuts also affect support groups? This may be discriminatory, but I would suggest that serious thought be given to shelters for battered women and to all the voluntary movements fighting against violence so that women will not be affected by it or as little as possible.

At any rate, this is the wish I make here and I am pretty sure it is shared by my colleagues. Thank you, honourable senators.

ROUTINE PROCEEDINGS

SCRUTINY OF REGULATIONS

EIGHTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX TO MINUTES OF PROCEEDINGS OF THE SENATE

Hon. Normand Grimard: Honourable senators, the Joint Committee for the Scrutiny of Regulations has the honour to present its eighth report regarding section 23 of the Territorial Lands Act.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this House.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report, see *Minutes of the Proceedings of the Senate* of this day, p. 1533)

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

On motion of Senator Grimard, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

● (1420)

[*English*]

FOREIGN AFFAIRS

REPORT OF COMMITTEE

Hon. John B. Stewart: Honourable Senators, I have the honour to present the Ninth Report of the Standing Senate Committee on Foreign Affairs.

THURSDAY, December 3, 1992

[Senator Lavoie-Roux.]

The Standing Senate Committee on Foreign Affairs has the honour to present its

NINTH REPORT

Your Committee, which was authorized by the Senate on Thursday, November 21, 1991, to examine and report on negotiations for a North American free trade agreement among Canada, the United States and Mexico and any other related trade developments, respectfully requests that the date of presenting its final report be extended from December 17, 1992 to no later than March 31, 1993.

Respectfully submitted,

JOHN B. STEWART
Chairman

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

On motion of Senator Stewart, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

INTER-PARLIAMENTARY UNION

EIGHTY-EIGHTH CONFERENCE, STOCKHOLM, SWEDEN—REPORT TABLED

Hon. Peter Bosa: Honourable senators, I have the honour to present, in English and in French, the report of the Eighty-eighth Inter-Parliamentary Conference held in Stockholm, Sweden, on September 7-12, 1992.

HEALTH AND WELFARE

ATTENTION DEFICIT HYPERACTIVITY DISORDER—NOTICE OF INQUIRY

Hon. Mabel M. DeWare: Honourable senators, I wish to give notice that on December 10, 1992, I will call the attention of the Senate to a concern among our parents, educators, medical profession and psychologists of a disability affecting a large percentage of our young people called ADHD, Attention Deficit Hyperactivity Disorder.

CHILD POVERTY

PRESENTATION OF PETITIONS

Hon. Ethel Cochrane: Honourable senators, I have the honour to present petitions signed by 14 residents from Newfoundland who call upon the Senate to do everything possible to assist in eliminating child poverty in Canada by the year 2000. The petition continues:

> WHEREAS in 1989 the House of Commons unanimously adopted a motion to seek the elimination of poverty among Canadian children by the year 2000, yet poverty among Canadian children and families continues by all measures to be as serious or greater now compared to 1989, and
>
> WHEREAS Canadian child poverty yields enormous and increasing costs: 1) to administrations of health care,

education, justice, and social welfare, 2) to national productivity through inadequate learning and preparation for employment, and it is quite clear that sound national financial management demands the prevention of poverty, and

WHEREAS Canada ratified the United Nations Convention on the Rights of the Child and has a moral obligation to seek the elimination of child poverty in Canada, and

WHEREFORE the undersigned, your Petitioners, humbly pray and call upon the Senate of Canada to do all possible to assist in eliminating child poverty in Canada by the year 2000,

And as in duty bound you petitioners will ever pray.

Senator Gigantès: Let the government resign. That is the best way to save the children from poverty.

Senator Cochrane: Honourable senators, as well, I have similar petition from 10 residents in the province of Ontario who represent the cities of Ottawa, Nepean and Gloucester. The undersigned also call upon the Senate of Canada to do all possible to assist in eliminating child poverty in Canada by the year 2000.

Senator Gigantès: The government has just made the unemployed poorer.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 500 citizens of Quebec who oppose the goods and services tax.

These petitions come mainly from Dolbeau, Jonquière, Chicoutimi-Nord, La Tuque, Cap-de-la-Madeleine, Saint-Honoré, Tadoussac, Saint-Fulgence, Saint-André, Vaudreuil, Lac Bouchette, Trois-Rivières, Laterrière, Saint-Ambroise, Knowlton et Wickham.

I also have the honour to present petitions signed by 189 citizens of Ontario who oppose the goods and services tax.

These petitions come mainly from Kapuskasing, Hearst, Belle Vallée, New Liskeard and Val Rita.

These petitions were signed in October 1992, senator Murray.

A total of 689 Canadian citizens continue to oppose the GST and call on the Senate, with wonderful confidence, as though they did not already know that the majority of senators do not want to have anything to do with ordinary people who sign petitions.

QUESTION PERIOD

[English]

ECONOMIC STATEMENT

EXPENDITURE CONTROLS—PROPOSED SALARY FREEZE FOR PUBLIC SERVANTS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government in the Senate. Yesterday in the House of Commons, the Finance Minister, Mr. Mazankowski, made a major statement on the Canadian economy and indicated a number of expenditure controls. On of the controls that he mentioned was a salary freeze for the public service, and he proceeded to list a number of positions which would be affected by that measure: For example, the Governor General, the Lieutenant Governors, the Prime Minister, ministers, members of the Parliament, senators, the federal judiciary, and so on, and public servants. I assume that this means the whole of the public service.

● (1430)

I think that all honourable senators have recently received the poverty profile produced by the National Council on Welfare. They no longer talk about the poverty threshold; they now speak of low-income cutoffs. They indicate that for a family of three, the low income cut off is $24,000 in communities of 500 or more. Statistics Canada, in a report received by me this morning, indicates that in 1990, that threshold for families of four adults would be $26,000; for three adults and one child $24,000; and so on. The range is roughly in that vicinity of $24,000. Yet we find that here in the Senate we have employees who start work at their opening level of $21,000, ranging to $24,000.

Do the minister and the government consider it fair to freeze the salaries of those people who are at the bottom of the salary scale? It is one thing to freeze the salaries of the Governor General, the Prime Minister, the ministers and even senators, but surely people who are down at the poverty threshold should not have their salaries frozen for the next two years. Will the government reconsider this measure?

Hon. Lowell Murray (Leader of the Government): Honourable senators, that is a debating point and a matter which we can explore in the course of the debate on this financial statement in the Inquiry to be launched by our colleague, Senator MacEachen, on Friday next.

Senator Molgat: Does the minister not consider that a real unfairness will be visited upon people at the bottom of the wage scale by freezing their salaries for two years? Surely that is not a fair proposition for the government to put forward. Does the minister not agree?

Senator Murray: Honourable senators, there are many factors that can be taken into account here, including job security that a great many of these people have, and that others now unemployed might certainly envy. However, these are points to be discussed at length when we pursue Senator MacEachen's Inquiry.

CONTRACT FOR THE BUILDING OF FIXED LINK TO PRINCE EDWARD ISLAND—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, my good friend, the honourable Don Mazankowski, made an elaborate statement yesterday on the economy. He massacred the Canadian public, especially the unemployed and the poor. However, he did mention Prince Edward Island's fixed link. He went on to elaborate on how the government would spend some money there on the environment and engineering, but he did not say if the contract would be put forward for the building of a fixed link, nor did he give proposals one way or the other. He merely left the people of Prince Edward Island confused.

Can the minister elaborate on what the Minister of Finance said yesterday, so that the people of Prince Edward Island will know what is meant by "expenditures in engineering and the environment?"

Hon. Lowell Murray (Leader of the Government): Honourable senators, the text of Mr. Mazankowski's statement reads as follows:

> Advanced engineering and environmental work on the Prince Edward Island fixed crossing project will be undertaken to allow construction of this $800 million project to begin in the spring. This will directly create an average of almost 1,000 jobs each year over the construction period and will provide enormous spinoff benefits for the economy of Atlantic Canada.

Clearly, honourable senators, the Minister of Finance expects that the advanced engineering and environmental work, as he describes it, would be completed and that everything would be in place for construction to begin on the fixed link this spring.

Senator Bonnell: Can I tell the people of Prince Edward Island that you, as a minister of the government, have announced that here today, and that it will begin this spring regardless of the environmental study and regardless of the engineering study?

● (1440)

Senator Murray: Honourable senators, I think we all know that there is an environmental process underway, and that engineering studies have been done. The honourable senator also knows what state we are at concerning the proposals from the various firms interested in undertaking this work. All it will take now is an agreement, as one of the documents points out, from the province of Prince Edward Island that undertaking this link will absolve future governments of any obligation to retain the Borden-Tormentine ferry service.

[Senator Molgat.]

Senator Bonnell: Does that mean that the Government of Canada has accepted the 10 points put forward by Premier Joe Ghiz that will be announced before he leaves office at the end of January? Apparently he has some big job coming up.

Senator Petten: Has he?

Senator Murray: Move over, senator.

Senator Lynch-Staunton: Speak to your whip.

Senator Bonnell: Answer my question.

Senator Murray: Honourable senators, I do not quite recall all of the 10 points that Premier Ghiz has put forward. I am sure they are all valid points worthy of every consideration, and have received every consideration. I hope the premier will support the construction of the fixed link, and I continue to nourish a hope that by the time the construction begins, we may have a favourable statement from Senator Bonnell.

THE CONSTITUTION

AUTHORITY FOR CONTRACTS RELATING TO REFERENDUM

Hon. Peter A. Stollery: Honourable senators, I have a brief question for the Leader of the Government. In what office or capacity did the Leader of the Government in the Senate approve or authorize contracts related to the constitutional referendum? What goods or services were to be provided? Who were the contractors? To what appropriations were the contracts charged and, in the case of each contract, what payment is entailed? My question follows from an exchange that took place in the House of Commons yesterday, and a report in the *Ottawa Citizen* today.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I take it that the honourable senator is giving notice of his questions. They should be put on the Order Paper, and I will reply to them in writing in due course.

TRANSPORT

CANADIAN AIRLINE INDUSTRY—EQUIVALENT TAXATION SITUATION TO AMERICAN INDUSTRY—GOVERNMENT POSITION

Hon. Raymond J. Perrault: Honourable senators, the government is inordinately given to proclaiming its dedication to the principles of fair play and equality. The statement made by the Minister of Finance yesterday suggests that this government believes that the poor, dispossessed, single mothers and those who have gone through the agony of unemployment in Canada have been ripping off the system. Perhaps the Leader of the Government will tell us what persuaded him and his cabinet colleagues to designate those people least able to defend themselves in society to bear the brunt of this savage attack on their well-being?

Senator Gigantès: It is because only rich Tories are allowed to rip the system off.

Hon. Lowell Murray (Leader of the Government): Honourable senators, our colleague Senator MacEachen has done us the service of putting a Notice of Inquiry on the Order Paper to discuss and debate Mr. Mazankowski's economic statement. That Notice of Inquiry would come due tomorrow, or first thing next week. I will certainly be here and I hope to take part in the debate. I hope to hear from my friend Senator Perrault at that time.

Senator Doody: That is something to look forward to.

Senator Perrault: Yes, I plan to be heard from on that occasion.

Senator Phillips: That debate will take place on a Friday.

Senator Perrault: Honourable senators, I have another question relating to fair play. In the government's efforts to protect the delicate profit position of the pharmaceutical industry in Canada, we are told that it is only fair play to create a level playing field by establishing protection for pharmaceutical research firms at the same level as that enjoyed in the United States and other countries. This is the prime argument propelling Bill C-91 through Parliament.

However, in the airline industry another standard is applied, and the government has adopted another philosophy and policy. Canadian airlines, desperately seeking to survive, pay far higher fuel taxes and landing fees than airlines in the United States. If it is of fundamental importance to establish a level playing field for pharmaceutical companies to pursue their efforts in world competition in the United States and other countries, then surely it is of equal importance to attempt to establish a level landing strip for the airlines of Canada.

Senator Murray: Honourable senators, my friend is anticipating the debate on Bill C-91, which I trust will take place at second reading here in a very short time. Again I invite him to take part in the debate, as honourable senators on this side most certainly will.

With regard to the situation facing the airline industry in Canada, there is nothing unique about it. The honourable senator will know that the gravest financial difficulties are confronting airlines everywhere. He will have seen the financial results affecting virtually all the airlines in the United States. He will also know that we are, and have been for some time, engaged in "open skies" negotiations with the United States administration. Further, he will know that with regard to Canadian Airlines International, the federal government put up more than $200 million last summer to take some aircraft off their hands. Recently we have put up another $50 million in an effort to enable the employees —who have made a very important and generous gesture of their own —creditors, management and others involved in CAIL to examine all possible alternatives for the future. If my friend wants to suggest other approaches we might take, we will be glad to hear from him at the appropriate time.

Senator Perrault: Can I take it from the leader's remarks that the government is giving consideration to the possibility of providing the same tax levels for aviation fuel and landing fees in Canada as those which exist for the airlines of the United States? He said the government was seeking ways to assist the industry. I commend the efforts of the government in that direction, but it would be manifestly fair and would evoke no criticism from the United States or U.S. carriers to establish the same tax levels on aviation fuel and landing fees in Canada as they have in the U.S. It would surely not provoke any kind of a challenge from the other side of the border.

Senator Molgat: Wishful thinking.

Senator Murray: Honourable senators, Senator Perrault is taking an example of two or three taxes. I do not think that tells quite the whole story. Canadian airlines are not at such a terrible disadvantage vis-a-vis the American airlines in the tax regime, taken as a whole. I think he will also find, if he examines the situation, that we have taken steps in recent years to ease the tax burden on airlines in this country, including taxes on aviation fuel and the like.

Senator Perrault: Honourable senators, the government in many ways operates in the never-never world of complete unreality. In the U.S., travel firms advertise extensively in Canadian newspapers and the message is, "Drive over the border and park your car. You can travel at less cost on U.S. carriers. There will be no taxes, no GST, and you will not bear the airport departure taxes they have in Canada. Join in and have fun." They advertise trips all over the world.

We suggested that this would happen at the time of the GST debate. It is happening now, making it very difficult for the Canadian travel industry, not only in British Columbia but in many other provinces. Thousands of Canadians are pouring across the border to Washington State to avail themselves of the lower cost airfares now available in the U.S.

• (1450)

It is absolutely essential that we address some of these issues if we are ever to solve the problem of creating two profitable air carriers in Canada. I think we would all agree that both Air Canada and Canadian Airlines are two of the best carriers in the world. The initiative of Canadian Airline employees is to be commended, and should be recognized by all of us, but they need more understanding on the part of this government and all of us here.

Senator Murray: Honourable senators, at the present time I am informed that 13 per cent of the world's air carriers are in bankruptcy, and that 30 per cent of the fleet in the United States belongs to bankrupt carriers. If they have such a marvellous advantage over Canada, perhaps the honourable senator could explain this.

Senator Gigantès: The results of Reaganism, Thatcherism and Conservatism.

Senator Perrault: The point we are discussing is not the plight of the airline industry world wide. We agree on the fact

that all air carriers throughout the world are going through the most difficult time in their history. What I am saying is that surely our special responsibility is to assist those two great Canadian air carriers, Canadian Airlines and Air Canada.

There are certain things that can be done. For example, I would like to see an easing of the GST, or some recognition of the fact that Canadians are still streaming across the border. The lower Canadian dollar has helped in our attempt to compete with U.S. air carriers and companies doing business on the other side of the border. However, there are certain practical steps that can be taken to make this industry more competitive, totally apart from government grants and loan guarantees.

It is unacceptable for the leader to rise in his place and say that it is tough all over fellows, and don't expect too much because Lufthansa and British Airways are going through the same experience. We have a responsibility to do good things for our Canadian carriers, regardless of what is happening elsewhere.

POSSIBILITY OF ADDITIONAL PROVINCIAL GUARANTEES FOR CANADIAN AIRLINES INTERNATIONAL LIMITED—GOVERNMENT POSITION

Hon. Jack Austin: Honourable senators, I wish to ask a supplementary question of the Leader of the Government in the Senate on this matter.

At the time it was decided to advance $50 million by way of loan and guarantee to Canadian Airlines, what efforts were made to obtain concomitant commitments from the western provinces of British Columbia, Alberta and Manitoba? As yet, I am unaware that they have made any specific commitments of the type made by the federal government.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am aware that there have been discussions informally between representatives of the federal government and those provinces, as well as the province of Ontario where several thousand employees of Canadian Airlines International live. The airlines themselves have also had discussions with those provinces. At the moment I cannot say what the status of those discussions are, but we hope and expect that some of those provinces will indeed come to the party.

ECONOMIC STATEMENT

PROPOSED RESTRICTIONS ON UI BENEFITS—GOVERNMENT POSITION

Hon. Joyce Fairbairn: Honourable senators, my question is for the Leader of the Government in the Senate. It arises out of the economic and fiscal statement made by the Minister of Finance, and is particularly focused on the part concerning unemployment insurance benefits.

The statement begins by talking about the benefits being frozen, and how this will affect people. Then there is a sentence which almost, but not quite, leaves me speechless. It states:

> As well, persons who voluntarily quit their jobs without just cause, or who lose their jobs because of their own misconduct, will no longer receive UI benefits.

I am saddened that the Minister of Finance would have allowed someone to slip this into his statement; it can only be a proposition that was put together by people in the Department of Finance sitting in a dark and airless room —

Senator Molgat: With guaranteed employment.

Senator Fairbairn: Indeed, with guaranteed employment.

I am upset about this, because the people who are most vulnerable and who will be most affected by this proposal are women at the lower end of the earning scale.

Could the minister explain to me who decides what is the "just cause" and who decides what is the "misconduct" that relieves these people of their rights to unemployment insurance benefits?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am informed that there are already specific provisions in the unemployment insurance legislation to define what is "just cause". Quitting unsafe working conditions, to follow a relocating spouse, and because of sexual harassment are situations which are considered a "just cause" by unemployment insurance legislation.

Senator Fairbairn: Honourable senators, that is a very narrow list of just cause and, presumably, misconduct.

May I ask the Leader of the Government in the Senate where in his list of exemptions is there a provision for a woman who is unable to either afford or to find child care and therefore must leave a job, presumably to go on welfare and receive absolutely nothing in the way of unemployment insurance under this legislation?

Senator Murray: I speak from recollection, but I seem to think that is also covered. Our friend the Minister of Employment and Immigration, Mr. Valcourt has already made a statement about this matter. I do not have a copy of it in front of me, but I will obtain more information and bring it into the chamber as soon as possible.

Senator Fairbairn: Honourable senators, I thank the Leader of the Government. When he is bringing back this information, will he tell us in, the case he listed of sexual harassment, what would be an exemption, a just cause? How will a person who must prove the just cause of that type of situation of sexual harassment—which will take an enormous length of time—be treated in the interim? Will he or she be dropped immediately from receiving unemployment insurance, or will it carry on while going through the courts, the Human Rights Commission, or whatever? What are the

parameters? It seems a highly arbitrary and offensive measure to be included in any economic statement.

Senator Murray: Honourable senators, those are opinions expressed by the honourable senator. We can debate them during the debate on Senator MacEachen's Notice of Inquiry.

When the honourable senator speaks of the time that it takes to prove—as she puts it—a case of sexual harassment, I hope she is not trying to discourage women who are the victims of sexual harassment from calling the cops. I think all of us want to encourage that to happen.

Senator Fairbairn: Absolutely, honourable senators. Far from trying to discourage women to have the courage to come forward and do that, I am suggesting that a sentence such as is contained in this particular document does exactly that; it discourages women who have no other recourse in terms of earning ability from coming forward and going through that process.

• (1500)

Senator Murray: I just told the honourable senator that the UI legislation lists sexual harassment as one of the situations which is considered just cause. The honourable senator wants more information on the process. I will obtain that information for her.

THE ECONOMY

CUTS IN CABINET AND CURTAILING OF SENATE APPOINTMENTS—GOVERNMENT POSITION

Hon. Philippe Deane Gigantès: Would the honourable Leader of the Government convey to the Prime Minister that an additional way of saving money might be a formal undertaking not to appoint any new senators, thus saving their salary, the costs of the staff, et cetera? You have a comfortable majority. You do not need any new senators.

Further, there was some discussion of cutting the number of ministers. If the United States manages with 13, why do we need 39? If you cut ministers, you will save even more money. Would you kindly transfer this suggestion to the Prime Minister?

Hon. Lowell Murray (Leader of the Government): As the honourable senator knows from reading news reports on the subject, our cabinet colleague the Secretary of State, Mr. De Cotret, has completed a study and presented a report to the Prime Minister which is concerned, among others things, with reducing the size of the federal cabinet. That will be taken into consideration, and I think I can say with confidence that action will be taken.

As to the first part of the honourable senator's question, I think on reflection he would agree that it is hardly fair that some provinces should be under-represented for a long period of time in one of the Houses of Parliament. I think he agrees that some of the western provinces, in proportion to their population, are under-represented even when all the Senate seats from those provinces are filled. It will be the Prime Minister's intention to fill the vacant Senate seats within a short time, so I advise my honourable friend to move over and make room.

Senator Gigantès: If that is the case, are you implying that it is fair to cut 3 per cent from the unemployment benefits of the poorest of the poor, and that that kind of unfairness is acceptable so as not to be unfair to Tory friends of the Prime Minister who would like to come to the Senate?

Senator Murray: Honourable senators, the Senate appointments of Prime Minister Mulroney have been of a consistently high order, and I do not think Honourable Senator Gigantès need have any apprehension that the eight or nine appointments which will be announced within the next little while will be any different.

TRANSPORT

CANADIAN AIRLINE INDUSTRY—TAXATION SITUATION—AMENDMENT TO PREVIOUS STATEMENT

Hon. Raymond J. Perrault: As honourable senators are aware, I attempt to be meticulously fair in any statements that I make in this chamber. I want to add to remarks I made while posing a previous question regarding the airline industry, to point out that the fault lies not entirely with the federal government in this matter of taxation.

The provinces of Canada have a provincial fuel tax which is far higher than the United States. For instance, the highest state tax in the United States is five cents per gallon, whereas in Canada the provinces of B.C., Alberta and Manitoba charge five cents per litre. Therefore, this problem is not the total responsibility of the federal government; it is not the only villain. The disparity in this case, when one converts gallons and litres, would be approximately a four times higher cost in Canada than in the United States, taking into account that the federal government has a four-cent-a-litre domestic excise tax in Canada and there is no such tax in the United States.

I have a supplementary question for the leader. I know that he attempts to be fair-minded in all things. The Conference Board of Canada undertook a study in 1991 which concluded that Canada imposes excessive taxation on the airline industry, which makes a total "open skies" environment between Canada and the United States inappropriate because of the uneven playing field.

This is what I said earlier. Let us establish a level landing strip for all of the carriers.

In light of the view taken by the Conference Board of Canada and its conclusions in 1991, is any consideration being given by the government to the idea of abandoning this "open skies" environment and restoring a degree of at least some common sense in regulation, instead of the deregulation which has ruined airlines all over the world?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not disagree with the statement that the honourable senator has quoted to the effect that a complete "open skies" regime would be to our disadvantage, but that is

not what we are seeking. There are bilateral negotiations underway now between Canada and the United States, led by Ambassador Molgat on our side, seeking to arrive at an agreement which will be mutually advantageous. Those negotiations involve not only terminal privileges, landing privileges, and routes that might be opened to the various airlines of the two countries involved, but a number of other complex issues.

I do not know that these negotiations can be completed before the change of administration in the United States. I fervently hope they can be, because I know that the result our negotiators are aiming for is one that will be of great benefit to the Canadian economy and the Canadian consumer.

Senator Gigantès: As advantageous as the deindustrialization of the country following the free trade agreement?

The Hon. the Speaker: Honourable senators, the time has elapsed for Question Period, unless there is an agreement.

Some Honourable Senators: No.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

NATIONAL DEFENCE—MILITARY OFFICERS OF THE REGULAR FORCE AND PRIMARY RESERVES

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 64 on the Order Paper—by Senator Marshall.

TRANSPORTATION—COMPANIES WHICH TENDERED ON HIGHWAY OVERPASS AT STEADY BROOK, NEWFOUNDLAND

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 76 on the Order Paper—by Senator Marshall.

IMMIGRATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Consiglio Di Nino moved the second reading of Bill C-86, to amend the Immigration Act and other Acts in consequence thereof.

He said: Honourable senators —

Senator Gigantès: Go climb a mountain.

Senator Frith: The axe man cometh.

Senator Di Nino: The debate on Bill C-86 is certainly one of the most important debates we have had in the Senate in recent times. I know the honourable senators will agree that in the face of mounting worldwide migration pressures, reform of our immigration policy takes on even greater significance.

People from other nations who express their desire to become Canadian citizens have the potential to enrich the social fabric of Canada. For that reason, we must ensure that our immigration policies are compassionate and in the best interests of Canada's future.

[Senator Murray.]

Honourable senators, I believe that the immigration and refugee policies of this government are doing a commendable job at balancing the two major concerns. I am referring to the moral obligation of opening our hearts to others while strengthening the nation's character. We are doing this in a way that will win the admiration for Canadians during the remainder of this decade and on to the 21st century.

Honourable senators, except for Aboriginal people, we are all immigrants or sons and daughters of immigrants. For some, this experience is recent, like myself. For others, the immigration experience is centuries old. We have a long history of welcoming people from around the world. Canada has a humanitarian tradition that manifests itself in many ways, one of which is our commitment to helping persons in distress to build a new life as contributors to Canada.

• (1510)

Immigration has built this great nation for more than 125 years. The diversity of Canadian society has strengthened our respect for human rights and helped us to build a prosperous and competitive economy.

We are living in a global marketplace. For that reason alone we are fortunate to have immigrants from a broad range of backgrounds. Naturally, they bring with them diverse talents and skills. What is most important, immigrants bring with them a belief that Canada is a land of opportunity.

Their faith in a prosperous future has helped us make Canada a nation that is envied by many others. We must implement policies that enhance that optimism and give all of us reason to believe in the future.

Canada's immigration policies have evolved over many years. I know honourable senators can certainly appreciate how changing circumstances throughout the world have had an impact on our immigration program. When our Immigration Act was proclaimed in 1978, no one could have foreseen the international political and economic strife that would cause upheaval in the years ahead.

Since 1984, when this government was first elected, it has taken several steps to ensure that immigration serves the best interests of Canada and Canadians. In the past eight years, the government has increased steadily the number of immigrants we accept into Canada, as well as expanded services to help newcomers become productive members of society.

In 1989, the government overhauled Canada's refugee determination system. That work resulted in an internationally respected determination system.

In December 1990, the government introduced a five-year plan for immigration that was a result of a broad consultation carried out across the country.

In January 1991, the government took a new approach to language training designed to give more newcomers greater

opportunities to learn one of our official languages, as well as learning Canadian customs and traditions.

The radical changes that have occurred and continue to occur in developing and industrialized nations have resulted in large-scale migration, many of whom want to come to Canada. At the same time, Canadians realize that with increasing economic globalization and the emphasis on the need for enhanced technical knowledge to operate the economy, it has never been more important for us to develop a highly-skilled Canadian workforce. Our immigration policy must support this effort by attracting people with the skills we need.

I would ask honourable senators to consider that today one out of every six Canadian residents was born outside the country. Immigration touches the lives of virtually every one of us.

We do not have, as some countries do, different rights for citizens by birth and citizens by choice. A Canadian is a Canadian is a Canadian. Everyone has equal rights and responsibilities.

With due consideration given to the history of our immigration program, the government has brought forward Bill C-86. This bill is the next evolutionary step in Canada's immigration policy. It gives us the tools necessary to manage effectively Canada's immigration program in the 1990s.

I can assure honourable senators that the basic philosophy of the 1976 Immigration Act is still intact. Canada remains committed to an immigration program that contributes to three fundamental goals; family reunification, refugee protection and economic growth.

I am confident that Bill C-86 will have a positive impact on enabling the government to improve three key areas in managing immigration. We will have the means to select effectively those who come to Canada; the means to better protect Canadian society; and the means to further streamline our refugee determination system.

I would like to address some of the concerns expressed about this bill. Honourable colleagues will be familiar with some of these concerns as expressed in the pre-study report of the Standing Senate Committee on Social Affairs, Science and Technology.

Senator Gigantès: I would like to see how you guys swallow your own words.

Senator Di Nino: There has been a misunderstanding about the concept of streams for selecting immigrants. Here is how it is intended to work. Immigrants in different classes will be selected and processed under clearly defined principles. This will result in three streams.

Applicants in the first stream might include spouses and dependent children, Convention refugees and investors. This stream would have no limit on the number of applicants, and time standards for processing would be established for each class. This ensures that applicants are not kept waiting for an undue length of time. But this does not give the applicants in this stream an absolute priority over the other two streams.

The second and third streams will contain applicants who will face different selection methods and who will be limited in number. In some cases, however, they may enter Canada just as quickly, or possibly even faster than applicants in the first stream.

As for the placement of applicants in the three streams, Minister Valcourt has made a commitment that spouses and dependent children will be in the first stream. The processing strategy for other classes will be decided following extensive consultation to be held in the new year.

There has also been a misunderstanding regarding the concept of selecting for excellence. Let me use an example of how this provision would work. If we had 200 electricians apply but a need for only 100 at that time, the best 100 would be chosen, rather than the first 100 to apply. The selection criteria will be objective and non-discriminatory with respect to race, religion, gender or other analogous grounds. Canadians want it that way. Our Immigration Act and Charter commit us to that principle.

There has been some apprehension that the interim changes would not be tabled in the other place until the date of the minister's annual presentation of an immigration plan. Minister Valcourt agrees that interim changes should be tabled here and in the other place within a specified time. This will ensure that all concerned are informed of changes in a timely manner.

In its pre-study report, the Senate committee expressed its views on the retroactivity provision of Bill C-86. The minister assures us the provision will not be used to disqualify applicants to whom the government has already made a commitment. However, the government has a responsibility to ensure that the skill levels and occupations of selected immigrants meet the needs of the Canadian economy, and that newcomers will have a good chance of achieving economic success.

Senator Gigantès: In this disastrous economy?

Senator Di Nino: Would the honourable senator hold his questions until I have finished, please?

Senator Gigantès: I am sometimes overwhelmed at the spectacle of your undoing everything you did in your report.

Senator Di Nino: Honourable senators are aware of the criticism concerning the bill's provision regarding geographic mobility. This is a voluntary program, and we have had similar successful voluntary programs in Canada. The objective of this provision is to ensure that all regions of the country enjoy the benefits of immigration.

Nevertheless, Minister Valcourt is fully aware that circumstances can change. For that reason, he proposed an amendment that will enable landed residents who have agreed to specific terms and conditions, including restricted geographic mobility, to apply for a variance to those terms and conditions.

In its recommendations, the pre-study report of the Senate committee commented on the provisions in Bill C-86 designed to prevent access by criminals, terrorists and others whose entry would not be in the best interests of Canada. The government has a responsibility to protect Canadian society.

● (1520)

Generous support for our immigration and refugee program exists as long as it is under control and does not threaten the well-being of our society.

Canada now welcome three times as many newcomers as it did eight years ago. We have the highest per capita immigration rate in the world. However, there is still a standard that those who want to live here must meet. There will always be those who try to bypass regular immigration channels. For that reason, we need measures to defend the integrity of our programs and protect Canadians from those who would break our laws.

Part of the protection is through the fingerprinting provisions. It is not a Draconian method of keeping control. It will help us evaluate claims and weed out those who should not have access to Canada because of criminal activity. It can also assist the government in curbing multiple refugee claims, which on some occasions have resulted in welfare fraud. Nevertheless, honourable senators, the minister is aware that long-term retention of a claimant's fingerprints is not desirable in a free and open society. For that reason, we proposed an amendment to allow them to be destroyed after an individual has been granted Canadian citizenship.

A real problem has to do with foreign criminals who try to take advantage of our relatively open borders and compassionate legal system. Under our current system, terrorists and persons convicted of crimes in other countries can be refused admissions to Canada. However, this provision does not apply to people who have no criminal conviction, but have been involved in organized crime.

Bill C-86 will give Canadian citizens added protection against admitting individuals who we have reasonable grounds to believe have committed a crime, although they were not convicted. Honourable senators, the government is well aware of the delicacy of these provisions. Minister Valcourt has put forward an amendment which limits the definition to those acts or omissions which are an offence under the laws of the country where they occur as well as being an offence in Canada.

The government has also proposed a similar amendment to the provisions of the bill that deals with less serious crimes, punishable by imprisonment of less than ten years.

As well, the government modified the provision that applies to a person's past or current membership in organizations involved in criminal activities. The scope of that subparagraph would be limited to an individual engaged in an activity that is part of criminal activity, planned and organized by a number of persons acting together. This will enable more precise targeting of individuals and activities intended to be excluded.

I believe that honourable senators will agree that the best way to handle a problem is to prevent it from becoming a problem in the first place. With that in mind, Bill C-86 calls for increased efforts to work with airlines to help them identify passengers with fraudulent documents. The airlines themselves, however, must accept responsibility for the passengers they bring to Canada. Airlines that bring inadmissible and improperly documented passengers into the country will be held responsible for sharing the cost of processing these people. After all, the approximate cost of processing a rejected refugee claim can be as much as $50,000.

Honourable senators, another issue under Bill C-86 concerns the protection of personal information. Foreign governments are sometimes reluctant to share information on an applicant's previous criminal activities. They frequently request that it be treated as protected information. As well, we are often faced with the dilemma of asking the courts to reveal an information source. The information is sometimes necessary to prevent the entry of a person involved in organized crime or drug cartel.

Honourable senators, Minister Valcourt has proposed amendments to the bill's provisions that protect sensitive information received from a foreign government and used by visa officers in refusing application for entry into Canada. The amendments would give the same kind of protection to relevant sources abroad and in Canada.

Honourable senators, I have heard criticism regarding the bill's provisions for detention review. It calls for a review 48 hours after the initial detention and then a further review 30 days later. The Minister has listened to various recommendations and proposed to amend the legislation so that it provides a review seven days after the initial 48-hour review, and then each 30 days following unless circumstances merit an earlier review.

However, honourable senators, Minister Valcourt is not prepared to exclude hybrid offences from inadmissible and reportable classes of the bill because some of these are very serious offences. The existing provisions for admitting individuals convicted of these offences who have not demonstrated satisfactory rehabilitation will continue to apply.

There have been a lot of misunderstandings regarding the proposal to give senior immigration officers responsibility for determining whether or not a person is eligible to access a refugee determination system.

Honourable senators will be aware that the prestudy report of the Senate committee highlighted those concerns. The report says senior immigration officers are certainly competent to determine eligibility, but any decision on ineligibility should go before the Immigration and Refugee Board.

Honourable senators, these decisions are not judgment calls on the part of the immigration officer. The criteria for making these decisions will be clearly spelled out. The senior immigration officers who will receive special training to make these decisions will simply look at five exceptions that would deny access to the individual. If any one of those exceptions does not apply, then the person would automatically have access to the IRB.

More complex issues of admissibility, especially those dealing with criminal activity and security risks, would be decided by an adjudicator at an inquiry with the applicant having a right to counsel.

The Senate committee's prestudy report also expressed apprehension that a claimant may be put at risk if returned to a country where he or she had been previously granted refugee status, or returned to a country where the claim could have been heard. Under Bill C-86, if the country of asylum will not take the individual back, then he or she will be eligible to make a claim in Canada. If the person could return to their country but fears persecution, then he or she is protected under section 53 of the Immigration Act.

The minister assures honourable senators that a senior immigration officer faced with such a situation would defer removal until the matter has been investigated.

Regarding the second concern, if a person cannot be returned to a country that is sharing responsibility for examining refugee claims, then under section 46.03 of the act, as amended by the bill, he or she will be eligible to make a claim in Canada.

Honourable senators, the legislation covers these situations, so that in neither case will a claimant become a refugee in orbit, nor will he or she be at risk.

The Senate committee prestudy report was also critical regarding split decisions of the IRB. Split decisions are now settled in favour of the claimant. Under the amendment of C-86, there will be only three exceptions to the status quo: Claimants who destroy documents without valid reason before presenting themselves to immigration; individuals who return to the country from which they are presumably fleeing; and individuals who claim persecution by a country which the Governor in Council has determined respects human rights.

Honourable senators, Minister Valcourt has given us consideration to an issue raised by the Senate committee chairperson, Senator Kinsella.

Senator Frith: He was there hanging his head in shame. And every excellent amendment he suggested was rejected out of hand.

Senator Di Nino: Refugees who use fraudulent documents are protected from prosecution under the Immigration Act, but not from prosecution under the Criminal Code.

Senator Kinsella argued that there should be greater protection from prosecution for refugees who use fraudulent documents to enter Canada. Minister Valcourt agreed with the honourable senator and proposed that the 1976 act be amended to protect such individuals from prosecution under the Criminal Code.

Another point of contention, honourable senators, is that Bill C-86 opens IRB hearings to the public. This provision was in response to a Federal Court ruling in a particular case. However, it has been pointed out that public hearings might place some claimants in threatening situations. In response, the minister has accepted the recommendations of the Senate committee prestudy report that refugee hearings be held *in camera* unless there is an application to open them. In those cases, the onus would be on the claimant to establish why the case should remain *in camera*. Legal experts have suggested this provision would meet the court's requirements.

• (1530)

In closing, I believe, honourable senators will agree that the development of Bill C-86 is a good example of the importance of prestudy. Here we have government amendments that reflect the Senate committee prestudy and have been adopted by the legislative committee. I note that the provisions I have outlined, with consequent amendments, directly address the concerns expressed by the Auditor General in his 1990 report about the immigration program. In fact, honourable senators, in his follow-up report tabled just days ago, on November 24, the Auditor General says:

> We found that the text of Bill C-86 addresses many of the observations and recommendations made in our 1990 report.

Honourable senators, I am confident that when all honourable senators have an opportunity to study Bill C-86 in detail, they will find that it is an excellent bill. Through the prestudy report senators have played a significant role in shaping this extremely important legislation. I look forward to questions and to dealing with this at committee.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, more than a century ago, Lord Acton said that the way a country treats its minorities is the surest way to determine whether that country is really free. For the purposes of this debate, I will add that the treatment given immigrants and refugees is the best way to determine whether a country is truly humane and just.

At a time when the world is troubled, in upheaval and experiencing unprecedented population movements, it is the duty of any free society to open its doors as much as possible and to welcome those searching for refuge from oppression, torture, misery and death.

Throughout the world, some 20 million refugees have had to leave their country because of drought, famine or the oppression of totalitarian regimes. In all good conscience, a rich country like Canada, which is the world's seventh richest

country and far from overpopulated, cannot close its eyes to this incredible tragedy. Therefore the government's moral duty is to have the most generous policies and programs possible.

Besides, Canada is a developed prosperous country, as Senator Di Nino just admitted, largely because of its traditional welcoming policy. One might even say that the Canada we know would not exist without vigorous immigration. Indeed, all Canadians, including native people, have come from somewhere else and are therefore the descendants of immigrants or refugees.

As I said on May 17, 1988 in my speech on Bill C-55, the shameful ancestor of C-86, all demographers agree on one point:

> — that without a substantial increase in immigration, this country will not be able to maintain its standard of living, let alone raise it, and how will we support our aging population?

Faced with the many challenges of immigration, the Conservative government could do no better than table Bill C-86, which on the whole is retrograde and unacceptable—and which Senator Di Nino dared to call a revolution!

C-86 contains the most significant changes to our immigration laws since 1976-77. Given the length and complexity of this bill, with its 128 clauses and 113 pages of text, which took the minister and his officials eight months to prepare, we were entitled to hope that the House of Commons would take the time required to examine it thoroughly and make all the necessary amendments. That did not happen at all and I believe it is important to point out the government's poor performance in this regard.

C-86 was tabled in the House of Commons on June 16 and debated on June 18. The government gave the opposition only two days to study this especially complex bill, which as I just said took the minister and his countless officials eight months of work. It was almost impossible to examine this bill properly in the two days before the debate on second reading. Furthermore, even immigration lawyers, NGOs and other groups working in this field, as the Hon. Warren Allmand said last week in the House of Commons, did not have the time to examine the bill seriously; as a result, the House of Commons was unable to benefit from their generally enlightened advice.

This behaviour would justify the opposition's thunderbolts and condemnation. But that is not all. Adding insult to injury, the government—we know how deeply it believes in democracy! —imposed time allocation in a perfectly arbitrary way. As a result, the most important overhaul of the Immigration Act in over ten years was debated for only a day and a half at second reading. On third reading, November 24, the Conservatives were true to themselves. Wielding the club of time allocation again, they limited the debate to one day.

[Senator Hébert.]

In view of the extent of the government's undemocratic actions, I think it appropriate to show what they have done in this regard. Since it took power, the Conservative government has beaten all records for resorting to time allocation and closure. I have some very revealing figures here. Between 1913 and 1981, closure was invoked 22 times in all, 1981 being the last year until the Conservatives took power. Twenty-two times from 1913 to 1981! From 1981 to 1984—you were not there then!—it was not used at all. Since 1984, the government has invoked the guillotine more than 18 times; that is, almost as many times in the past eight years as in the previous 68.

I understand that Senator Murray and Senator Lynch-Staunton find that funny! Some are amused when democracy is violated!

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, what amuses me is the low attendance of Liberals in the House today to listen to your speech! That is very funny for me!

Senator Hébert: One does not have to be here to hear an accounting of the government's misdeeds! On this side of the House, we are all well aware of those facts and figures; we know them very well. I give them for your benefit!

Honourable senators, you will agree this is no exaggeration, and I refer to the comtempt with which the government treats our democratic institutions. As for time allocation, the Tory government has used these tactics to crush debate 35 times since it came to power, compared with the previous Liberal government which used time allocation only 29 times in 19 years.

These figures are an indication of the depths to which this government has sunk in its abuse of the standing orders and procedure of the House.

As far as the Senate is concerned, I hardly need to describe how the government has treated the opposition since the debate on the GST. Even some Tory senators were heard to say recently that the Senate was reduced to the role of a rubber stamp. You saw that in the media! Perhaps they realize it is becoming downright embarrassing for an honest man to be part of the government majority in the Senate. Perhaps they even feel sorry for their so-called leaders in this Chamber, senators Murray, Lynch-Staunton and Kelly, who have become the powerless and subservient puppets of this government! Perhaps they now realize that their real leader is a member of the House of Commons, the unctuous Harvie Andre, who treats them dogs trained seals!

For instance, who decided not more than a few days would be spent debating Bill C-86 in the House of Commons? Harvie Andre, of course. Who decided that Bill C-86 had to receive royal assent by December 18, come what may? Senator Lowell Murray? Of course not. Harvie Andre is the boss, ladies and gentlemen.

Expecting as much, our dear friend Senator Kinsella, acting chair of the Standing Senate Committee on Social Affairs, Science and Technology, ordered a pre-study of Bill C-86, ostensibly because the committee's recommendations would have some influence on the government. We hastily called a number of witnesses—very few, as a matter of fact—who all admitted they had not had time for a thorough analysis of all 113 pages of an infinitely complex bill.

Nevertheless, the committee managed to produce a report that was well received by all concerned. Surprisingly, this excellent pre-study report was unanimous, and it therefore reflects the opinions of both Liberal and Conservative senators, and more specifically of committee members Kinsella, Di Nino (who as usual isn't listening!), Deware and Ross. We all agreed. It was unanimous. I am not talking about Liberal recriminations. I am talking about a unanimous report from a committee where you have the majority, and about the Senate.

The Tory senators must be as disappointed as their Liberal colleagues to see that their report failed to make much of an impression on the government. I am sure that like the Liberals, they will insist on having C-86 amended to reflect the report's recommendations.

That being said, I admit the government did accept a few of our unanimous recommendations. Unfortunately, it was not enough, and Bill C-86 remains unworthy of a country considered to be civilized and sensitive to the desperate plight of refugees.

For instance, the government amended the provisions on public hearings. Since most groups and individuals concerned agreed on the importance of protecting the life, liberty and security of refugee claimants, their families and anyone who might be at risk, the government made the necessary amendments. It managed to achieve

The correct balancing of the principle that the persons concerned must be protected with the competing principle that Canadian judicial and quasi-judicial proceedings are to be as open as possible. Hearings of the Refugee Division will in most cases be confidential, as explained earlier by Senator Di Nino. The Standing Senate Committee on Social Affairs, Science and Technology proposed this amendment in its report. It is one of the few recommendations the government decided to accept, which is probably why Senator Di Nino made such a song and dance about it!

The House committee also amended the strict detention procedures provided in the bill, under which the case of a person detained on an immigration matter would be reviewed every 30 days only. As amended, the bill will provide for a review every seven days after the first review which takes place 48 hours after detention.

However, although the government made further changes, including those concerning fingerprints which are to be destroyed as soon as the immigrant becomes a Canadian citizen, on the whole Bill C-86 remains unacceptable. In fact, in its haste to get the bill through Parliament, the government ignored most of the recommendations in the pre-study carried out by the Senate, accepting only a few. Need I remind you that these were unanimous recommendations?

Honourable senators, we must let the excellent work done by the Standing Senate Committee on Social Affairs, Science and Technology, our committee, be our inspiration. The fourteen proposed recommendations corrected the main deficiencies of Bill C-86, and they should guide us in our analysis of this legislation. Unless, of course, some of us have had a change of heart about the importance of these fourteen unanimous recommendations. Since the pre-study report was unanimous, I assume most of my colleagues on both sides of this Chamber are anxious to see the government make the necessary changes.

To a considerable extent, the report of the social affairs committee was guided by the testimony of the Chair of the Immigration and Refugee Board and the Canadian Representative of the United Nations High Commissioner for Refugees. Their main concerns arose from the proposed changes to the procedures concerning refugee status determination.

Currently, questions of eligibility are decided jointly by an adjudicator and a Refugee Division member in the context of an inquiry, at which the individual concerned has a right to counsel. Bill C-86 proposes to have eligibility determined administratively by a senior immigration officer, called a senior immigration officer even though he has no particular qualifications in the field, without giving the claimant right to counsel. In its report, the Social Affairs Committee expressed its concerns regarding this provision which, in some instances, might be dangerous and offered a solution.

Let me quote what the report, our report, says on this issue:

> "— we agree that eligibility decisions should be made by the Immigration and Refugee Board as a preliminary matter. We see no reason to require the Immigration and Refugee Board to make a determination on eligibility on every case, however. It would seem a practical solution to permit a senior immigration officer to determine that a person is eligible to make a claim, but to leave decisions of eligibility to the Board."

Hon. Royce Frith (Leader of the Opposition): Who signed this report?

Senator Hébert: The committee members, of course, and among them the acting chairman, Senator Kinsella, and several other Conservative senators. I named them a moment ago, Senator Di Nino, one of the most eloquent members, then there was Senator Cochrane, who was there very often. Anyway, they know who they are. I wonder how they will react when we will have to insist on things which seemed so fundamental not so long ago.

Moreover, the report confirmed that this solution would allay the minister's fears that the process would become more cumbersome, since only problem cases would be submitted to

the IRB. I have great difficulty understanding why the government rejected this recommendation, which seemed to us to be a good compromise.

Senator Frith: And which was supported by their colleagues.

Senator Hébert: Yes, it was supported by their colleagues.

Hon. Philippe D. Gigantès: And signed by Senator Di Nino.

Senator Hébert: Indeed.

Senator Gigantès: The one who just spoke, the one who just renounced.

Senator Hébert: Yes, he seemed to be happy a moment ago.

Senator Gigantès: Three times before the cock crows—three times!

Senator Hébert: He seemed happy, but maybe he had forgotten some details I am now reminding him of in the hope of convincing him.

Senator Frith: That is probably why.

Senator Hébert: Yes, that is why.

Another issue raised by the Senate committee concerns the return to a prescribed country, or a "safe country" as they say in officialdom. It seems obvious to me that Canada should have an agreement with any country to which it will send back a refugee claimant. It is obvious that we cannot send back a claimant without knowing that the country to which he is being sent back will accept him and not send him back to his own country where his life would be in danger. However, Bill C-86 completely overlooks this issue. The committee had this to say in its report:

> Arrangements between Canada and the so-called safe countries can be bilateral or multilateral, but must, . . ., identify the state responsible for hearing the claim and provide that the state in question agree to admit the person. Returning a claimant to another country without a guarantee of admissibility risks putting the claimant "in orbit": and is unacceptable.

End of the quotation from this unanimous report, which is of course "our report—signed by everybody.

Senator Gigantès: It is an excellent report.

Senator Hébert: Unfortunately, the government did not seem fit to amend the bill accordingly. It is as though it does not listen to its own senators.

Senator Gigantès: No, it does not listen to its own senators.

[Senator Hébert.]

[*English*]

• (1540)

Instead, the minister chose to offer the following flimsy assurances to the Commons committee: ". . . although the bill does not require that a bilateral agreement be in place, that is clearly Canada's preferred arrangement." Trust me!

[*Translation*]

Trust me, there is no need to include that in the Act. We are all good guys here." Dream on.

Senator Gigantès: It is quite another story when you are a rich claimant.

Senator Hébert: Obviously, we are not talking about those people.

Senator Gigantès: They will have no trouble getting in.

Senator Hébert: The High Commissioner for Refugees also stated the need for concluding arrangements regarding refugees, not with any country in the world, but only with countries that adhere to the *Convention Relating to the Status of Refugees* as a whole, rather than just Article 33. The Senate Committee immediately endorsed this recommendation. Unfortunately, while the Minister had agreed, in his testimony before the Committee, that the law should specify that such countries must actually have adhered to the Convention—so he had told the Committee—he eventually rejected the recommendation made by the Senate Committee in a report signed by the members of this Committee where Conservative senators are a majority.

Our fourth recommendation dealt with all countries to be prescribed as countries to which refugee claimants could be returned. The Committee, that is the Senate Committee, suggested that Bill C-86 be amended to ensure that such countries agree to determine the claims of individuals returned to them on their merits and to have refugee determination systems that comply with Canadian principles of fundamental justice. All the same, the Bill remains unchanged in that regard. It would seem to me that the Conservative Senators and the Conservative Minister, Mr. Valcourt, had their signals crossed.

Senator Frith: You can say that again. The minister sure is conservative.

Senator Hébert: Such lack of communication between people from the same political formation is puzzling indeed.

Senator Gigantès: Is it a matter of lack of communication or was this whole committee process a sham and a publicity stunt?

Senator Hébert: You do not consider Senator Kinsella capable of such a thing, do you?

Senator Gigantès: It all depends on how they vote. That remains to be seen.

Senator Hébert: Exactly. The issue of claimants recognized as Convention refugees elsewhere who claim to fear persecution in a so-called "safe country" was also discussed in the Senate Committee, "our" Senate Committee. This Senate Committee of ours recommended that such claimants be eligible to enter the Canadian determination system. Again, government found a way out. The minister has claimed that section 53 of the Immigration Act provided ample protection for these claimants. In his view, immigration officers who receive such a claim will not be able to have the claimants removed before senior officials in the national head office and that of the United Nations High Commissioner for Refugees have determined whether the individual is at risk if he or she is sent back to the asylum country. It should be noted that section 53, while applicable, contains no direction regarding the procedure to be followed, neither does it provide for access to the Immigration and Refugee Board. It's just idle talk!

Another serious flaw in Bill C-86 has to do with claimants deemed ineligible because they have been recognized elsewhere (but who prove not to be returnable to the country of recognition). Our sixth recommendation called for an amendment to the Bill to make these claimants eligible to enter the Canadian determination process. Naturally, as could be expected, government decided to reject this recommendation arguing it was unnecessary. That is the extent of the explanation we were given for this rejection.

Bill C-86 would provide that, in certain circumstances, both Refugee Division members would have to approve a claim before it could be accepted. This means that a refugee claim could be rejected in the event of a split decision. This is in contrast to the present situation where, in all cases, only one member's acceptance is sufficient.

Virtually all the witnesses that discussed the issue of refugee status were opposed to this provision. Moreover, the committee on social affairs, our committee, that we described so well earlier—

Senator Gigantès: You are referring to senators Kinsella, Di Nino and others.

Senator Hébert: Yes indeed. Senator Bonnell was also a member of that committee and Senator Cochrane was very often in attendance. So, the committee on social affairs received data confirming that the Refugee Division was dealing appropriately with claims advanced by individuals from countries that respect human rights, another of the circumstances that could lead to a reduction of the benefit of the doubt. The committee's report also emphasized that this measure could constitute discrimination on the basis of national origin, which would be contrary to the Charter. Although the committee proposed the elimination of these provisions, that was our recommendation no 8, the minister rejected it, saying that such exceptions are necessary to give greater transparency to the system, and so on and so forth. You will agree, honourable senators, that this remains one of the deficiencies that we will have to correct and that we all wanted to correct.

Bill C-86 proposes that appeals of decisions of the Trial Division of the Federal Court on judicial review could go forward to the Court of Appeal only if the judge rendering the decision certified that a serious question of general importance was involved, and if the judge stated the question at the time of rendering judgment; there would be no appeal from a refusal to certify. The Senate committee seriously questioned this procedure and made a recommendation to correct it. It explained its recommendation no 9, as senator Di Nino and senator Kinsella will no doubt remember, since it was a recommendation that we all liked. So, the committee explained its recommendation no 9 very clearly, and I quote:

> While we recognize the desirability of minimizing opportunities for unfounded appeals, we believe the method chosen to be contrary to our judicial traditions. In addition to the understandable reluctance that some judges might have to certify their own decisions as appealable, we recognize the necessity of oversight by the Court of Appeal in order to clarify the law in cases of conflicting lower court decisions. For these reasons, we recommend that either the Trial Division judge who renders the decision or a judge of the Court of Appeal, upon application, should be able to certify that a case should go forward to the Court of Appeal.

Once again, alas, the government did not consider the committee's recommendation, which had also been agreed to unanimously by senators from all parties. We were in full agreement on it; there was no discussion we agreed.

As for the protections for refugees, the committee reported its concern about two provisions of Bill C-86, those on eligibility and *non-refoulement.*

Currently, before a person can be found ineligible to make a claim to refugee status on grounds of criminality, the minister must certify that the person constitutes a danger to the public in Canada. Before a person can be excluded on grounds relating to subversion or future acts of violence, the minister must be of the opinion that it would be contrary to the public interest to receive the claim. Similarly, before recognized Convention refugees may be removed to a country where they fear persecution, the minister must make a finding of danger to either the public in Canada or the security of Canada. All of those safeguards would be removed by Bill C-86 as originally drafted.

The report of the Senate committee made the following observation on the removal of these protections. I should not quote it because Senator Kinsella, Senator Di Nino and the other members of the committee all know it by heart. It is intended for the others —

> The existing provisions recognize that not all activities that come within the prohibited grounds may be serious enough to justify exclusion from the procedure, or deportation from the country, where the consequences could put at risk the person's life, security or liberty. They require the Minister to balance Canada's interest against

> the potential consequences to the individual before making such a significant decision. Certain of these provisions became part of the law in 1988 at the instance of the Senate for precisely these reasons. We have been presented with no explanation as to why they are less important now than they were then and we recommend that they be retained.

I am not the one saying that; it is in "our" report. I would even almost dare to say that Senator Kinsella is speaking on behalf of us all.

In this case, I am glad to note that the government has seen the light and endorsed Recommendation No. 10 of the report, which means that the government can sometimes listen to Senator Kinsella and us all when we stand together.

• (1600)

[English]

I am also glad to see that the eleventh recommendation of the Senate committee prompted the government to make a number of amendments to the criminal admissibility provisions of Bill C-86. As originally drafted, the bill could have lead to the exclusion of numerous individuals who in no way threaten Canada. Members of the committee felt it was their duty to anticipate such unintended consequences and to make changes to avoid them. For example, the committee report underlines its concerns pertaining to the vagueness of proposed section 19(1)(k), called the "catch-all" security clause. The report reads:

> What classes of people could be a threat to Canada if they are not spies, terrorists, subversives or violent? As legislators, we should be vigilant about passing laws which prohibit unspecified conduct. We note as well that the definition of terrorism is wider than necessary.

Accordingly, the committee concluded that these provisions ought to be narrowed to cover more specific activities and individuals involved.

Moreover, I would like to underline the amendments the government accepted as a result of the Senate committee's eleventh recommendation. Although it ignored important parts of this proposal, I believe its efforts in this case need to be mentioned. First, an act or omission committed abroad will have to be illegal in the place where it was perpetrated as well as in Canada; second, for membership in a group to bar an individual, the group must have engaged in activity that is part of a pattern of criminal activity planned and organized by a number of persons acting in furtherance of any indictable offence under specified statutes such as the Criminal Code, the Narcotics Control Act and the Food and Drugs Act; third, for permanent residents to be deported as a result of an act or omission committed in another country, the standard of proof would be raised to a balance of probabilities rather than reasonable grounds; fourth, the definition of terrorism was

removed rather than redefined as the committee had suggested. Unfortunately, the government chose to ignore the concerns which the Senate committee had raised pertaining to section 19(1)(k). I am sure Senator Kinsella remembers that well, as does Senator Di Nino, who is almost smiling at the other end.

Senator Gigantès: I don't think he is smiling. I think that is an expression of deep shame.

Senator Hébert: You may be right. The minister argued that this provision stood as a counterpoint to the positive discretion to admit people who don't fit in a tidy category and that the government needs to have authority to exclude persons it considers dangerous to Canada—Liberals maybe, who knows! I certainly hope that any of the government's omissions pertaining to that specific recommendation will be tidied up during our study of the bill, because we are planning to study it at length.

The committee's twelfth recommendation, which suggested that a time limit be provided as a condition of landing for a permanent resident relating to occupation and place of residence, was flatly rejected by the government. The bill would require permanent residents to live and work in certain areas of the country as a condition for accepting them. For example, they could not leave Ottawa for five years or whatever. While the Senate committee recognized the usefulness of such a provision to communities and regions throughout Canada, it questioned the lack of a time restriction in the bill. Predictably, the minister suggested that a time limit was unnecessary.

The question of the retroactive application of new regulations was strongly criticized by the legal community as well as by witnesses who appeared before the committee. These proved controversial since they would apply to individuals who entered the country under one set of rules and who might be assessed under another. Moreover the Senate committee argued that it was unable to confirm how narrowly or broadly the regulatory power could be used without careful study of the regulations. It also felt the scope for the exercise of power was so broad as to be troublesome. Our unanimous report had the following to say on this topic:

> When retroactive provisions are permitted, the law should state their parameters clearly. We would therefore recommend that the bill explicitly reflect the intentions and assurances of the government as to the stages of processing to which retroactivity will apply. We also recommend, in view of the very significant changes that the bill makes to applicants' expectations, that retroactivity should be applied only to cases arising after the bill comes into force.

Unfortunately the government again chose to disregard an important recommendation of our committee, one that was unanimously accepted. The application of retroactivity following ratification of the bill, as mentioned in the above quotation, was the subject of the Senate committee's fourteenth and

final recommendation. Although no changes were made to the bill in this regard, the minister did confirm that he intended to apply the rule mainly to cases occurring after the adoption of the bill, while retaining the ability to apply it to existing applications—in other words, trust me! He also emphasized the importance of responding appropriately to economic changes which affect the need for skilled immigrants.

Senator Frith: The rule of law is to trust law, not people.

Senator Hébert: He said:

> To blindly ignore the change —

That is typically Conservative, "To blindly ignore the change".

> — and to continue to recruit people whose skills are no longer in demand would be a disservice to the individual who would face poor job prospects on arriving in Canada
>
> —and to those Canadians who might find themselves looking for work in this field as a result of restructuring in the industry.

Either the minister was inspired by Senator Di Nino or the reverse; I am not sure.

Senator Frith: "Restructuring" means laying people off, I take it.

Senator Gigantès: And reducing their unemployment payments, especially if they have children.

Senator Hébert: It seems to me that the attitude reflected by the minister in that quotation is somewhat cynical, opportunistic, and it seems to me to be playing to the lowest common denominator in Canadian society which harbours numerous fears and misapprehensions about immigrants and refugees.

Senator Gigantès: Typical Tory behaviour.

Senator Hébert: More on that later.

Although the bill has been greatly improved as a result of the deliberations of both the House of Commons and the Senate committees, it still has a long way to go before it is acceptable to most interested parties. For instance, I received a letter a few days ago from the Fundy Refugee Support Coalition which outlined the situation as follows:

> We request that new Senate hearings on Bill C-86 be held since the current bill is substantially different from, not better than, the original text. We strongly support the Senate committee's prestudy recommendations.

It could have been sent to Senator Kinsella. It is very supportive of our committee's report. They go on:

> We are greatly disturbed at the government's apparent disregard for the submissions brought to the legislative committee. We sincerely believe that Bill C-86 as it now stands is a major deviation from the human rights standards traditionally held by the citizenry and Government of Canada.

As I am certain most of my honourable colleagues will agree, we certainly have our work cut out for us in improving Bill C-86, what Senator Di Nino called "a revolution" a moment ago. One of the bill's major flaws is its emphasis on enforcement, as opposed to fairness and humanitarian values. As I mentioned earlier, in drafting this legislation, the government seems to be playing to the lowest common denominator of Canadian society, which fears immigrants and refugees. Indeed, there are too many myths surrounding the effects of immigrants and refugees on our country's economy.

• (1610)

For instance, some people believe they are a drain on the public purse; they fail to pay their fair share of taxes; they take jobs from Canadians; they are responsible for spiralling house prices and for reductions in affordable housing; and they are responsible for driving up the costs of health, education and income security.

I believe that the facts need to be set straight and that these myths could use a good dose of debunking. I would therefore like to turn my attention to three recent studies on immigration which provide the solid evidence needed to shatter those myths. The first two studies were prepared for the Economic Council of Canada, that venerable institution which, alas, has fallen at the hands of the Tory cost-cutting knife. The third was prepared by the Laurier Institute.

The first study, released in 1991, is entitled "New Faces in the Crowd: Economic and Social Impacts of Immigration." This report noted that Canadian residents generally benefit from slightly higher incomes as a result of immigration. As well, it argued that immigration does not increase unemployment, but actually helps to create jobs, since firms must expand to respond to larger markets. Another benefit of immigration, according to this study, is that Canadians become more tolerant as they have more contact with people from different cultures. One of the more interesting conclusions of the report was that increased immigration will slightly lower the per capita tax burden of financing health, education and income security programs. Finally, the Economic Council's two-year study led to the following conclusion on the effect of immigration:

> Those already here gain a little more real income, a more excitingly diverse society, and the satisfaction of opening up to others the great opportunities that living in Canada gives. Among those who come, some gain safety from persecution, some gain freedom from want, some gain a secure future for their children, and nearly all become economically better off.

For those who believe immigrants are lazy and who like nothing more than to soak our system for all it is worth, the second study prepared for the Economic Council of Canada is an eye opener. Published this year, and entitled "Earnings of

Immigrants: A Comparative Analysis", this document underscores that the labour force participation rate, adjusted for age differences, is slightly higher for both male and female immigrants than for native Canadians. In addition, the study concludes that the proportion of recent immigrants on welfare is extremely small and tends to be similar to that of native-born Canadians. As for the level of education, this report found that almost 28 per cent of immigrants have some university training, compared to 24 per cent of native-born Canadians.

The third report, prepared for the Laurier Institute in 1991, is entitled, "People, Jobs and Immigration: A Study of Canada's Future Work Force". This study was comprehensive and formulated numerous interesting conclusions.

First, it observed that foreign-born persons in Canada are, on average, better educated, more often of working age, and more likely to be located in large urban centres where their skills are in demand.

Interestingly, the study also noted that immigrants, compared to native-born Canadians, are less frequently unemployed, less often on welfare, and earn higher incomes.

As for the myth that immigrants are a drain on the economy, the report indicated that many of the costs associated with immigration are short-term. Economic productivity, growth, differential employment opportunities, labour supply, skills levels, occupation demand, living costs, and wage rates are among the factors which contribute to the cyclical swing in the economy and influence the well-being of Canadians.

Immigrants, according to the Laurier Institute document, constitute a relatively small proportion of Canada's population and, over time, tend to adopt Canadian economic behaviour. Moreover, they do not tend to displace Canadians workers and, in many cases, fill gaps in the labour force.

The report also concluded that population growth through natural increase is slowing and that this trend will continue as long as the fertility rate remains below the 2.1 children-per-woman replacement level. As well, since the population of Canada is aging, the dependency ratios will increase and the potential labour force will decrease. Therefore, immigration will help Canada deal with this problem and its effects on the country's future prosperity.

As can be observed from the results of the three studies I have just mentioned, Canadians have nothing to fear from immigration, save for the unfounded fear of immigrants and refugees prevalent in certain circles of our society, and promoted by some people on the other side.

Unfortunately, such clear-headed and carefully considered studies reach too few Canadians; instead, abuse of the system is widely reported by the media, while success stories are ignored. According to a 1991 report of the now defunct Employment and Immigration Advisory Council, "Canadians should be assisted in their understanding of what immigration is and what it does for them." Despite repeated calls for an education program on immigration issues, the government has failed to implement a communication strategy to inform and educate the public.

[Senator Hébert.]

Moreover, part of the problem stems from the difficulty in assessing the short-term effects of immigration. The benefits, however, become more evident over the long-term. Historically, the attitude of Canadians concerning immigration has been considerably influenced by the economic conditions of the times. The actual double digit national unemployment rate does not provide the most favourable climate for the integration of immigrants and refugees into our society, I admit that. However, as was noted in the studies previously mentioned, the attitudes against immigration during difficult economic times are based on myth rather than fact.

An interesting finding is that many Canadians believe that "poor" immigrants and refugees have more dependents that their "wealthy" counterparts. In fact, the numbers sketch a different portrait. In 1991, only 20,869 dependents accompanied—

[*Translation*]

Senator Murray: Order.

Senator Hébert: It is not for you to tell me to be quiet. I still have one page to read and you will listen to me, Senator Murray.

The Hon. the Speaker: No, I say so, Senator Hébert.

Senator Hébert: I did not hear you.

The Hon. the Speaker: I said it three times—

Senator Hébert: You said it three times?

The Hon. the Speaker: Yes, Senator Hébert. So listen, if—

Senator Hébert: I still have one page.

[*English*]

Senator Murray: Sit down when the Speaker is on his feet.

[*Translation*]

Senator Hébert: You use closure often enough in the House of Commons and now you are imposing—

The Hon. the Speaker: Order, please. Senator Hébert, the rules say that if there is unanimous consent you may carry on. Is there unanimous consent?

Senator Hébert: Whether there is unanimous consent or not, I will continue anyway.

The Hon. the Speaker: Senator Hébert, you will continue only if there is unanimous consent.

Senator Hébert: No, I will continue even if there is not unanimous consent.

The Hon. the Speaker: I am sorry but you will follow the rules like everybody else. If there is unanimous consent you will carry on; otherwise you will sit down. Is that clear?

[*English*]

Senator Murray: When the Speaker is on his feet, you should sit down.

[*Translation*]

Senator Hébert: Yes, rules that were adopted in the circumstances that we know, with your complicity.

The Hon. the Speaker: There is no complicity. You will follow the rules like everyone else.

Hon. Philippe D. Gigantès: I would like to put a question to Senator Hébert.

[*English*]

If you had been allowed to continue —

Senator Hébert: What would I have said?

Senator Gigantès: —would you have said the following—

[*Translation*]

The Hon. the Speaker: I am sorry, Senator Gigantès, but rule 38.3 reads as follows:

> The sponsor of a bill and the first Senator speaking immediately thereafter shall be permitted not more than forty-five minutes each for debate, inclusive of any question or comments from other Senators which they may permit in the course of their remarks.

Senator Gigantès: Am I not allowed to ask a question?

The Hon. the Speaker: Not according to the Rules.

[*English*]

Senator Frith: Let us just get it straight. The speaker, who is the main speaker on our side, has approximately a page and a half yet to go in his 45 minute allowance imposed by these rules, and the Leader of the Government in the Senate tells him to sit down and will not allow him to finish. As long as the record shows that, let us leave it at that.

Senator Murray: Honourable senators, why I told the honourable senator to resume his seat was because the Speaker had risen to his feet. It is —

Senator Frith: He asked for unanimous consent, and you said no.

Senator Murray: Honourable senators, I think the point should be made again that when the occupant of the Chair rises, another honourable senator resumes his seat. That point having been made, I will be happy to give my consent, if all others senators give theirs, to hear Honourable Senator Hébert complete his speech.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Hébert: In 1991, only 20,869 dependents accompanied the principal applicants in Canada's refugee stream. The same year, 14,000 dependents accompanied principal applicants in the business immigration stream. These figures confirm that on average, the ratio of refugees to accompanying dependents is three to two, while that of business immigrants accompanying dependents is one to three.

Based on the forgoing discussion, I wish to highlight my disappointment with the government for having allowed the myths surrounding immigration, immigrants and refugees, to guide the drafting of Bill C-86, which will be known in the history as the Di Nino revolution. Although the bill does propose some worthwhile changes, we of the Liberal party believe on balance the entire package to be unacceptable for the following reasons: It will make it more difficult for law-abiding hard-working immigrants and refugees to enter Canada; it will put barriers in the way of legitimate refugees; it will open the door to inequity and capriciousness in the selection of immigrants and refugees; it suspends traditional legal safeguards, like deportations without hearings, suspension of rights through retroactive provisions, et cetera. The bill also emphasizes enforcement instead of fairness and humanitarian values. Finally, too much authority has been transferred from the law and Parliament to the minister and his officials, which leaves the whole process open to abuse.

[*Translation*]

In conclusion, I would have liked the government to show more compassion for refugees, for the outcast of this earth, for those voiceless men, women and children who still believe that Canada is a land of compassion and freedom. To this day, such is the reputation of this country. If Bill C-86 is passed without any amendment, Canada will loose this reputation and will be just like all the other rich industrialized countries who, out of selfishness, closed their heart and their borders to the persecuted in recent years.

Senator Chaput-Rolland: That is not true.

Senator Hébert: Wait for my conclusion. Do not interrupt me! On the perilous roads of exile, they still dream of Canada as their last hope in the madness of this world.

Senator Gigantès: Senator Hébert, I have a hard time understanding why Senator Lowell Murray who, presumably, participates in Cabinet meetings, allowed his colleagues, Senators Kinsella, Di Nino and others to vote for the report, and now tells them to backtrack and change their mind completely? How come it happens this way?

Did Senator Murray have no idea at all of what the plans of his government were?

Senator Hébert: Senator Gigantès, I have no answer whatsoever. I have no idea why. Maybe a mistake was made.

[*English*]

Senator Di Nino: I would like to pose two quick questions. First of all, I wonder if the honourable senator would share

with me the source of the statistics on the dependents. I did not catch that while he was giving it.

Senator Hébert: On the dependents?

Senator Di Nino: The last comments on the ratios of dependents between the investor program and the refugee program.

Senator Hébert: I do not seem to have it here, but I will be glad to provide it for you on Monday.

Senator Di Nino: At your convenience. My other question deals with statistics. I wonder if you are familiar with and if you could recite to me the number of immigrants that Canada admitted on a yearly basis in 1984, before this government took power and the number of immigrants that this country admits now under the Conservative government.

Senator Hébert: That is a bit of a silly question.

Senator Di Nino: It is not a silly question.

Senator Hébert: Yes, it is. At the time that you refer to, in the first place, there were not 20 million immigrants in the world. If we are receiving more immigrants today than 10 or 20 years ago, it is because there are more immigrants knocking at our door. That is the point.

Senator Di Nino: I beg to differ. Just for the record, honourable senators, when this government took power in 1984, I believe there was some 80,000 immigrants annually to this country. There are now 250,000, three times more than there were at that time.

Senator Hébert: In 1965, we admitted 300,000. What are you talking about? What are you trying to say? We are talking mainly about refugees in this bill. In the case of refugees —

Senator Di Nino: Honourable senators, the point is there is a sanctimonious attitude that some people opposite take on this issue. I suggest that the facts will prove you wrong. We are admitting more immigrants today than Liberal governments did previous to our taking power.

Senator Hébert: That is not absolutely true. I quoted you a figure of 19 —

Senator Di Nino: One year.

Senator Hébert: But that is not what C-86 is mainly about, senator. You know that. It is about refugees. Refugees and immigrants are different matters altogether. If there are more refugees coming in today than there were in 1960, it is because there are more refugees in the world. You should know that.

Senator Di Nino: I think that we can discuss this in more detail during the committee hearings which we hope we will have in the near future, but I think it is important that Bill C-86 not be seen solely as a refugee bill. This is not a refugee bill. Bill C-86 is a major revision with major amendments to the immigration bills. It deals with many issues, not only refugees, although that is an important part of it.

Senator Molgat: I hope Senator Di Nino is not closing the debate with that statement.

Senator Di Nino: I am sorry.

Hon. Mabel M. DeWare: It does not seem as if it will be easy to get into this debate today, but I would really like to take a crack at it.

I am glad to hear the honourable member opposite recognizes the government did refer to our study all through their deliberations and that they did make some amendments due to our recommendations. I think some of our questions and yours could be answered during committee.

I would like to express to this chamber why I feel that Bill C-86 is important. Surely no one can be under any illusion that the status quo in terms of our immigration programs can still adequately do the job. It cannot.

The immigration policies of our industrialized countries must be capable of dealing with the sometimes conflicting pressures of international volatility, unprecedented movements of people, and economic uncertainty.

• (1630)

The administrative resources established in the Immigration Act of 1976 clearly were not designed to address these pressures. That is why the amendments to the act outlined in Bill C-86 are of such importance, and why it is incumbent on us to approve this bill.

Since 1984, the government has undertaken the most thorough assessment of our immigration and refugee policies. This assessment and related action has covered fundamental issues, such as how many immigrants we should accept over a five-year period to meet our social responsibilities, our economic needs and international obligations; how quickly we should bring immigrants to Canada in the context of our ability as a nation to handle the increase; and how best to integrate newcomers into our society.

As important and constructive as our refinements have been, pressures have continued to build on the program, so much so that I believe without the measures that Bill C-86 proposes, the underlying principles of the act are themselves in serious jeopardy. These principles are: The reunification of families; the protection of refugees; and the promotion of national economic goals.

The proposed immigration and refugee framework of Bill C-86 would provide for a stronger, more flexible immigration program and reinforce these basic humanitarian, social and economic principles. As well, the amendments to the act would give the government the ability necessary to fine-tune and adjust the program as circumstances change.

Our consultations with Canadians have left no doubt that they want an immigration system that is more flexible, more effective and more fair—a system which is seen to be balanced and effective. Bill C-86 achieves this through a package of amendments designed to reinforce the integrity of the system, to better help those who really need it, and to entrench greater efficiency and fairness in our immigration and refugee programs.

With respect to the integrity of our immigration system, nothing is more important than reassuring Canadians that our programs are fair and rational, and that abuse will not be tolerated. Bill C-86 includes a number of measures to curb abuse of our system, reaffirm its integrity and protect Canadian society from law-breakers.

Abroad, Bill C-86 proposes further training and technological assistance to immigration staff and to airline personnel to help them identify fraudulent documents. It also extends the rules relating to criminal inadmissibility to deny access to Canada by individuals who may not have a record of criminal conviction, but who are known members of a criminal or terrorist organization.

At our borders, we will give immigration staff the powers to search individuals and to seize documents and vehicles used in smuggling operations. We will expand the authority of our immigration officers to fingerprint and photograph refugee claimants and increase the penalties for people caught smuggling.

Within Canada, we will ensure that criminals can be removed and that their removal is enforced fairly and efficiently.

These amendments represent a more clear frame of reference, both for those seeking to enter Canada and for those responsible for enforcing our laws. By tightening and clarifying enforcement and control measures, they will serve to protect Canadians from those who would abuse our system and, in the process, ensure public confidence in our system that is so essential to its success.

Among other things, Canadians want to be assured that our programs and services are targeted effectively to help those for whom they are designed:family members inside and outside Canada, genuine refugees fleeing persecution, and newcomers with skills and capital to contribute to our economic growth.

Through the improved management of immigration provided for in Bill C-86, we will be able to strike the ideal balance between humanitarian and economic considerations that define an effective immigration program.

Fundamental to these improvements is a more flexible, relevant system of processing immigrants. This streamlineed approach will go a long way toward eliminating the build-up of administratively suffocating back-logs that do so much to drain our resources, frustrate clients and reduce our ability to help others.

These streams, I want to stress, do not contradict or undermine the established categories under the act. They are simply a means to manage the processing of individuals in these categories more rationally and expeditiously.

What this approach does is entrench a long-overdue degree of control in our program, which in turn will mean fewer delays, more predictable processing times and more fairness for newcomers in every category. Greater overall efficiency will also result from our commitment, through Bill C-86, to further streamline our refugee determination system.

The time required to process claims and make decisions is still too long. That is not fair to those who need our protection.

The speed with which we can remove rejected claimants remains slow. That erodes the effectiveness and credibility of our system. The result of all this delay is further pressure on costly support programs, and is certainly not fair to taxpayers.

What Bill C-86 would provide a streamlined refugee determination process that is more clear-cut, more workable and more fair. The amendments put forward under this bill would encompass improvements to the immigration and refugee board level to accelerate processing, improve training and cut administrative costs. It would also encompass new procedures to expedite the landing of Convention refugees, with reductions of up to six months in the waiting time for landed status so they can more quickly become part of the community. It would also provide for more timely, effective and fair removal procedures in cases where claims have been rejected.

As well, the government is proposing extensive administrative fine-tuning to enhance the way our immigration officers deal with clients on a daily basis. Centralized information centres will provide the public with quicker access to information on the status of applications. The department will increase the use of mail-in and drop-off services, and introduce more easily understood information and application forms. The department will also introduce a number of changes to streamline and make more flexible the way that it administers documents for visitors, students and returning residents.

Taken together, these legislative and administrative enhancements will go a long way toward giving Canadians the relevant and effective immigration system they want. Let there be no mistake, they do want programs that are more efficient and more responsible, programs truly capable of meeting the inevitable challenges of the 1990s.

It is worth noting that the follow-up report of the Auditor General, tabled on November 24, stressed that Bill C-86 addresses many of the observations and recommendations made in the 1990 Auditor General's report in which four chapters examined in detail the immigration program.

As with the previous necessary refinements to the act which the government has undertaken since 1984, these changes are

consistent with our determination to maintain a system that is true to our humanitarian traditions and managed in the best interest of all Canadians.

The reaction we have solicited and received from all corners has not been unanimous. Unanimity, I dare say, is impossible where a volatile issue such as immigration policy is concerned. But the government is satisfied that Bill C-86 ties together effectively many of the varying concerns of Canadians with the one common thread shared by all—the demand for a better managed, more efficient program.

The government is assured that some of the fears being expressed by those at the extremes of these issues will prove unfounded, as they did when we introduced Bill C-55.

I am sure most of you here today, at least those without selective memories, will remember the hue and cry that went up over the refugee determination amendments in Bill C-55. The fears expressed three years ago not only proved unfounded, the new measures have served to enhance Canada's reputation within the international refugee community.

• (1640)

Bill C-86, I am certain, will be seen in a similar light very soon. It is legislation for the 1990s and beyond. It is legislation that will ensure viability and credibility for our immigration programs at a time of unprecedented pressure.

As such, it is legislation that deserves the approval of this Chamber. We owe it to the Canadians of today and those to come to endorse quickly these improvements in important issues.

Hon. Peter Bosa: Honourable senators, I am pleased to speak today on such an extremely important and far-reaching legislation. Bill C-86 is the most comprehensive revision of our immigration laws since Parliament passed the current act in 1976. It touches on literally all aspects of how Canada deals with immigrants and refugees. There are so many aspects to it that, in the limited time available to me, I must, of necessity, focus my comments more narrowly than the bill requires.

Although Bill C-86 has come before the Senate only a few days ago, some of us are familiar with it through the Standing Senate Committee on Social Affairs, Science and Technology of which I am a member. In the summer we conducted a prestudy of the bill and presented our report, a unanimous one, in time for it to be considered by the minister, by the House of Commons committee studying the bill, and by the House prior to the passage.

The minister was very complimentary about the care and deliberations evident in our report in which we tried to identify the most important of the many issues in the bill. Unfortunately the government saw fit to accept only a few of our recommendations. It is the recommendations that have not been acted on thus far that I wish to concentrate on today.

[Senator DeWare.]

First, fairness requires that I acknowledge the beneficial changes made to the bill before it reached this chamber last week.

When we studied the subject matter of the bill, we were concerned, as were many others, that there was to be a blanket rule that refugee hearings were to be open to the public. Closure was to be the exception. We recommended the reverse situation. A closed hearing, except upon a successful application to open it, would be the better choice. I am pleased to see that the government agreed.

We were also concerned that the bill would have eliminated certain protections now available to refugees and refugee claimants before they could be removed from Canada. We felt strongly four years ago that there should be ministerial oversight on such important decisions which could affect people's lives.

We are gratified that the minister agreed and that the bill before us once again contains those protections. Similarly, I recognize the improvements that have been made to the criminal and security and inadmissibility provisions of the bill. While they do not go as far as some would like, they do respond in some measure to our concerns and those of many commentators that the scope of the original drafting was too broad.

I also welcome the changes to the detention provisions so that reviews will take place on a more timely basis, and amendments to ensure that war criminals, among others being deported from Canada, will not have excessive appeal rights.

But there remains much to be done. The bill is still flawed. Many of the criticisms and concerns of thoughtful and knowledgeable commentators have not been remedied. Indeed, I need look no further than the first recommendation reflecting our concern about the proposed new role in the refugee-determination system of the senior immigration officer.

Everyone applauds the decision to eliminate the time-consuming credible-basis hearing. Virtually no one outside the government supports granting to senior immigration officers, alone and outside the context of a hearing, the power to make decisions to exclude people from making refugee claims on the basis that they are not eligible.

I am aware of the government's view that the five eligibility criteria are not subjective and do not involve discretion on the part of the officer. In my view, discretion is not the issue here. Saying that the decision is not subjective does not further the debate. Decision of eligibility requires discerning facts, then applying them to legal criteria and deciding whether a person fits or not. If the individual fits, he or she cannot make a refugee claim and may be swiftly deported.

Fair enough. There have to be rules. But is this a good way to make that decision? A single immigration officer, acting

alone, possibly through a translator, is dealing with individuals who may be scared and may understand neither what is happening nor the significance of the questions. Add to that the fact that the assistance of counsel is not guaranteed. The whole process could take place so quickly that such assistance could be impossible.

I feel that the proposed structure is a recipe for serious errors. I urge all members of the Chamber to consider the committee's recommendation that all doubtful cases of eligibility to make a refugee claim should be referred to the Immigration and Refugee Board so that the decision can be made on a quasi-judicial basis in a hearing with full rights of counsel.

I now move to another aspect of the bill dealing with refugee determination that is of serious concern—returning refugee claimants to other countries which the individual had passed through, so that their claims may be determined there. The government calls this "sharing responsibility", but others are less charitable. Regardless of the need, the safeguards for such return are demonstrably lacking in this bill.

I note first that, although the provisions have never been used, the current law contains the essential minimum protections. People to be returned to other countries must be given lawful authority to be in the country of return, or they must have the right to have the merits of other claims determined there.

Those words are in the current law for one reason only: The Senate insisted on them. In 1988, we stood on principle. Are these principles less important now than they were then? I suggest not. Committee recommendation number 4 would see these minimal protections retained in the law.

Continuing on the topic of returning claimants to other countries so that their claim may be determined there, I note that the other recommendations made by the committee have also been disregarded. We felt that no such return should be made outside of the context of a bilateral or a multilateral agreement, such as was developed in Europe.

The minister has stated that this procedure is Canada's preferred arrangement. If this is so, why not put it into law, as our recommendation number 2 suggested, and provide a more solid foundation for a very controversial policy.

We also urge that the conditions for designation by the government of any country as one to which individuals may be returned should be more stringent. Specifically, recommendation number 3 stated that the country should comply with more than just one section of the convention related to the status of refugees. All the provisions of the convention are important. Further, the law should specify that states should have actually acceded to the convention.

I turn now to an issue in the refugee-determination system that may not affect large numbers of people, but could be of life and death importance to some. Under the current law, a person who has been recognized as a convention refugee by another country, but who has a credible basis on which to fear persecution in that country, is eligible to enter the Canadian system. This right will be removed by Bill C-86 consequent of the removal of the credible-basis test. In its place, we suggested in recommendation number 5 that individuals who claim to have that fear, and the numbers are small, should be referred to the board.

The government is on record as believing that the necessary protection for those in this situation is found elsewhere in the act and that it is appropriate for immigration officers, following consultation with others and with the United Nations High Commission for Refugees, to decide whether or not to return the person to the country which has recognized him or her.

Would it not be better to let the experts who determine the fear of persecution in all other cases—members of the Immigration and Refugee Board—make this decision as well? Why have a parallel process, conducted informally outside of the hearing structure, to decide the very thing that the board was established to handle?

One of the most contentious matters in Bill C-86 in the view of many expert witnesses, including the Immigration and Refugee Board and the United Nations High Commission for Refugees, has been the dilution of the principle that refugee claimants should receive the benefit of the doubt. Currently, this principle is reflected in the rule that only one of the two board members must find that the claimant is a refugee in order for the claim to be accepted. The bill would require unanimity in three situations, each of which is problematic in its own way. Further, debate over these issues in the refugee hearing will undoubtedly take up considerable time, yet one of the government's important goals for the bill is to streamline the refugee determination process. The minister has justified these provisions by referring to the need for more "transparency and accountability" in the system. These are popular buzz words nowadays, but in this context I have no sense of what they mean. I urge, as did the committee in recommendation 8 of its report, that this matter be reconsidered.

In restructuring Federal Court appeals in refugee determination matters by removing judicial review from the Court of Appeal to the trial division, the government clearly wished to avoid a flood of time-consuming appeals to the Court of Appeal. It therefore devised an extremely restrictive barrier. The only cases that could go to the next level would be those that were certified as involving a serious question of general importance by the very trial judge that heard the case.

The committee found this to be a highly questionable approach. We made what I believe was a very sensible proposal, one that was more restrictive than that urged by many in the legal community. Our recommendation 9 was to also allow a judge of the Federal Court of Appeal to receive applications for leave to appeal decisions of the trial judge. Thus, either the sitting judge, or a judge independent of the case,

could determine whether an issue was worthy of appellate attention.

As I mentioned, the government has made some commendable changes to the bill in the criminal and security inadmissibility area. There is one matter, however, which has not been changed and which I feel deserves serious reconsideration. It concerns the proposed section 19(1)(k), which would permit the exclusion of applicants, or the deportation of permanent residents, on unspecified security grounds.

In response to repeated queries by witnesses and the Senate committee, the government has failed to provide even one concrete example of the kind of person who would be a threat to Canada yet would not be caught by the other security sections. We could better assess the need for such a provision if an actual or hypothetical situation could be presented in which an individual would not be excludable by virtue of the other security categories, but whom reasonable people would agree presented a threat to the security of Canada.

In the absence of such examples, I can only reiterate the committee's view in recommendation 11. As legislators we should be vigilant about passing laws which prohibit unspecified conduct.

Another controversial feature of the bill has been the introduction of conditions relating to the place of residence and occupation of permanent residents. The Senate committee did not oppose such conditions, as did many witnesses. Instead, we realized their potential usefulness in helping Canada achieve greater benefits from immigration. On the other hand, to dictate where people must live and work is a significant restriction on their freedom, one that should therefore be limited in its duration. For that reason, I urge, as did the committee in recommendation 12, that a maximum time limit on any such condition should be legislated.

Finally, I wish to speak about the retroactive features of the bill. Despite the urging of many commentators, the government has retained the option of applying the bill retroactively to applicants in the system now and in the future. I question the fairness of this approach to individuals who have made their application on the basis of the rules that exist currently, yet who may be disqualified by future changes. I urge that such a policy apply only after the bill comes into force so that new applicants after that time can at least be advised that the criteria may change and that nothing in their application may be taken for granted.

I began by speaking on the importance of this bill and I will end the same way. Some 250,000 immigrants will be admitted to Canada in the coming year. Many others will claim refugee status from within Canada. This bill has the potential to affect every one of those individuals, others whose applications we turn down and those permanent residents we deport from Canada using the new criteria. We must not pass this bill until we are satisfied that the best choices have been made. We must be satisfied that the line between the interests of Canada and fairness to those many people who will be affected has been drawn appropriately. While the bill has been improved in some respects since the committee's prestudy, I am not convinced that the best choices have been made in all cases, some of which I have outlined to you.

I welcome the chance to pursue these further in committee.

[Senator Bosa.]

[*Translation*]

Hon. Thérèse Lavoie-Roux: Honourable senators, I welcome this opportunity to take a few minutes to speak to a bill as important as Bill C-86. First of all, I would like to thank and congratulate my colleagues on both sides of this Chamber who worked very hard to improve a very complex piece of legislation, as was pointed out by many of the previous speakers.

Although not all the recommendations of the Senate Standing Committee on Social Affairs, Science and Technology were accepted, I believe this exercise was an excellent example of the usefulness of the pre-study process, which lets us play a more constructive role than when we come in at the very end. I think this is very important, and I want to thank my colleagues for making this possible.

I was able to attend one or two initial meetings, but later on I had to leave because of the referendum. However, I consider this a very important bill. It was introduced by a government that has systematically improved the immigration program and admitted increasingly larger numbers of immigrants since it came to power. It is clear this government wants Canada to remain a welcoming nation and a country that is sensitive to the needs of others.

The very essence of Bill C-86 is to ensure that the immigration program is managed in a manner that is fair, effective and even-handed. However, this search for fairness and effectiveness will not be successful if we let people break the rules and take advantage of Canada's generosity. We cannot have a fair and effective immigration program if people feel it is being mismanaged or not being managed at all. We cannot have a fair and effective program if it cannot protect the host country.

In fact, the dilemma facing the government, and this applies to all governments, was how to reconcile the humanitarian goals of the government and the vast majority of Canadians with the feelings of hostility that are aroused in some cases when the Immigration Act is perceived as unable to control abuse by some asylum seekers.

I agree that when we deny people admission, sometimes mistakes are made. However, I think that leaving the door wide open without any controls whatsoever merely exacerbates the feelings of hostility I referred to just now. There was some reference to this earlier, that some people become hostile when immigrants take advantage of the host country.

I think that at this point, the Canadian government has tried to strike the best possible balance between these two situations or perceptions. I think most of my colleagues will agree that the Government of Canada has taken a courageous step. This is not an easy situation to deal with. I certainly will not try to prove the bill is perfect. However, I challenge any government of any political stripe to table an immigration bill that would deal with every possible situation. In fact, this bill is a vast improvement over the previous legislation, and I maintain that we have made tremendous progress and that the legislation will continue to evolve, because, as we pointed out, today's immigration problems are not those of the 70s or even of the early 80s. We are seeing a number of social, economic and political revolutions throughout the world, and as a result Canada has to adapt its immigration legislation to deal with new needs and new problems.

It is clearly something which will keep developing. In a few years, no doubt more adjustments will have to be made. What we have to consider is where we started from, where we are now, and, perhaps, where we will have to go in the future.

Many issues have been raised and I will mention just a few. First, the refugee status determination process. Doubts were expressed about the role of the senior immigration officer as proposed in the bill.

Under Bill C-86, anyone who claims to be a refugee will be granted a hearing on the validity of his or her claim, unless that person is part of one of the five precisely defined exceptional categories. The senior immigration officer will have to determine if the refugee claimant is part of one of those.

The exceptions are clear: persons who have already been recognized as refugees by another country; persons who have been determined by an adjudicator to be criminals guilty of serious crimes; persons who make another claim less than 90 days after their last claim has been rejected; persons already recognized as refugees; persons who come to Canada from a country which is on a list established by regulation and where they could have made a refugee claim.

I am happy today to see that these conditions are clear and that we do not refer to arbitrary criteria. I believe we were all very concerned, at the beginning of the hearings, about how the senior immigration officer would play his role and about what it would be.

To establish if one of the exceptions applies to a claimant, immigration officers will not have to take discretionary decisions. They will only have to answer yes or no to the question which they have to deal with. If they cannot do it with certainty, they will not prevent the person from entering the country, but only transmit the case to the Immigration and Refugee Board.

As I was saying, the criteria are clear, objective and well defined. There is no room for subjectivity.

If there is any doubt in that regard, let me remind you that those officers will be selected and trained to make those decisions. They will be well aware of the role they have to play in the protection of refugees. Their training will be, among other things, on the cultural differences and on Canada's obligations under the Geneva Convention and the Canadian Charter of Rights and Freedoms.

Immigration officers will not make decisions on the admissibility of claimants whose case is more complex, for example in the case of persons who constitute a danger to the security or those likely to engage in criminal activities. In those cases, the decision will be made by an adjudicator following an inquiry and in the presence of legal counsel representing the person involved. I think that process answers the concerns we had.

I would like to take this opportunity to answer concerns expressed by women's groups, particularly by the Women's Caucus of the Coalition for a Just Refugee and Immigration Policy.

That group has raised many concerns regarding what happened to women in the past and what will happen to them in the future.

On that point, I would like to reassure them concerning the Women at Risk Program which is not mentioned in this legislation and which has not yet produced the conclusive results that the government hoped for. I was told that the Department of Immigration is in the process of reviewing the program in order to increase its effectiveness and to respond more promptly to the needs of a larger number of women refugees.

With regards to the selection criteria of refugees outside Canada, they do not put women refugees at a disadvantage since they represent 42 per cent of all selected refugees. Women's groups were also concerned about public hearings but, as others have mentioned, hearings will now be confidential.

There is also the issue of freedom of movement. Under Bill C-86, the limitations to free movement are willingly and necessarily circumscribed to the permanent residence period, that is the three-year period required to become a Canadian citizen. These limitations to free movement can be eliminated when and if circumstances render these limitations too restrictive for a permanent resident.

The point is very important. I know that regulations will follow. Our colleague, Senator Grimard, is working very hard on them. I was advised, for instance, that if a woman, who had been assigned to British Columbia or a village in the Abitibi area, was a victim of violence or experienced other such problems it might be very difficult for her to leave the area unless she had completed her three years. It would be very important that the regulations recognize this condition as a very important one.

In the case of women who are sponsored, which is another concern that was brought to my attention, I have been assured

that the present process to study sponsored applications for settlement, which now takes 10 months, will be reviewed at the immigration minister's request who asked that this period be reduced to six months.

There are also some concerns regarding the 48 hour, one week and 30 day periods. I know that, safe for exceptional circumstances, it was pushed back to 7 days. I think that this too should reassure women.

The bill confirms and protects the rights given to the province of Quebec in the February 5th 1991 Canada-Quebec agreement. Thus, Quebec's rights to select and to have its rightful share of immigrants are recognized by law. And this is a good example that it is not always necessary to modify the Constitution.

I must congratulate the Government for remembering its commitment and for making the link with the Quebec-Canada agreement.

This bill allows Quebec to set its own conditions, enabling it to improve its efficiency in selecting claimants. Also, the bill will give a legal base to the practice of treating the spouse's application as part and parcel of the main claimant's application.

We added the measures on the processing of refugee claims largely in reply to repeated requests, by the provinces and particularly Quebec, that we improve the control on the flow of immigrants within the country and that we discourage any abuse of the system. While this bill establishes a solid legal base for the Investor Immigrant Program, a program which is of major importance for Quebec, it also includes specific exceptions for Quebec, again because we wanted to respect the provisions of the Canada-Quebec Agreement on Immigration.

I will conclude by saying that no government could have created a perfect legislation in such a complicated area as immigration where complexity is not resolving itself but, on the contrary, is increasing. One could even say that this issue will get increasingly more complex. I wish to recognize the efforts on the part of the minister of Immigration and the Senate committee to improve the bill. If we adopt this bill, the Canadian immigration system will have made not a small step, but quite a few big steps forward.

I thank you, honourable senators.

Hon. Jacques Hébert: May I ask you something, Senator Lavoie-Roux? You were a member of that committee. Therefore, you bear a greater responsibility in the unanimous adoption of a very clear report which made, if I remember well, 14 specific recommendations.

As others did before you, you reminded us that the government had in fact adopted some of our suggestions, thereby improving a bill which, as you yourself said, could never be perfect. But, unless I was distracted, I never heard you mention, not even once, that you were disappointed with the fact that the minister had not strived to improve this imperfect bill by adopting some of the other suggestions you evidently agreed with.

Senator Lavoie-Roux: As I said at the beginning, I unfortunately could not attend more than one or two sittings of the committee because I was engrossed in the referendum campaign in Quebec.

I do not know this bill as well as my colleagues, since they have spent much more time studying it than I did.

However, I have been a parliamentarian long enough to know that no bill is ever perfect. Some worthwhile suggestions may not have been accepted.

At this point, I do not know why they have been rejected. I cannot answer that question. But I think, as senator Bosa and you have indicated, that quite a few of them were accepted. I am told 12 of them, maybe less, were accepted.

Senator Hébert: Oh, no, not 12 of them.

Senator Lavoie-Roux: Anyway, I do now want to discuss the matter any further at this point, but that is the figure I was given. Some suggestions were accepted and that is what, I think, is important. You have to remember that we had a lot of ground to cover. We made progress by reviewing the immigration legislation and the bill was improved as a result of the contribution made by senators and others.

Senator Hébert: You said the bill was not perfect and it was impossible to make a perfect piece of legislation. I guess you accept the principle that this bill can still be improved since it has been referred to the Senate. We have a committee to do that job. Hundreds of witnesses want to be heard. If you want this bill to be as perfect as possible, I guess we can expect you, as a member of the committee, to support detailed hearings on this issue.

Senator Lavoie-Roux: I have also learned, during my career as a parliamentarian, that, in the end, it is up to the minister to decide. To this end, he must have as much information as he can. I think you have given him all he needs. I also think the House of Commons has spent ample time discussing this issue, even if procedural measures were taken to cut debate short.

If I am not mistaken, you did say at the very beginning that it took eight months to prepare this bill.

Senator Hébert: The minister?

Senator Lavoie-Roux: Yes, the minister, Senator Hébert. I suppose that he had already got a lot of information and that he took many things into consideration. Ultimately, it is up to him and the government to make the final decisions.

Senator Hébert: Do you mean by that that the Senate is completely irrelevent since it is the minister who will decide?

Senator Lavoie-Roux: Senator Hébert, I told you that what the Senate did was certainly very useful since it helped bring about many improvements to the bill. We will also be able, through the regulations, to specify things that will further improve the bill.

Senator Hébert: Are you aware that on top of a number of recommendations that we made and that were accepted, the new bill before us contains more than 60 new provisions? These are not recommendations made by the Senate, but other technical improvements and so on.

So much so that observers like the one I mentioned to you in my speech earlier say that it is a new bill.

So, if it is a new bill that contains about 65 changes and that, on the other hand, the minister did not seem to be impressed by all of our recommendations, I think that this bill before us is almost new. You will agree that we should study this new bill. It is not the same.

The Hon. the Speaker: Senator Lavoie-Roux, I must interfere once again. Your intervention has been going on for more than 15 minutes now, but, still, you may reply to Senator Hébert's question. Then, if everybody agrees, we will close the debate.

• (1710)

[*English*]

Senator Frith: Saved by the bell. You can send us a letter with that response!

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before deciding on that, I have had discussions with the Deputy Leader of the Opposition, and the honourable members opposite know that the three bills before us today are priority bills for the government. We are anxious to have them reported by the Senate and decided before the Christmas break.

Senator Hébert: Harvie Andre will be happy with that!

Senator Lynch-Staunton: We are agreeable to adjourning the debate and returning. However, since we can sit this evening, tomorrow morning and come back again Monday evening, there is lots of time to continue this debate. Perhaps on Monday evening or whenever we return, we could have some commitment that we could refer this bill to the committee immediately then.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): My honourable friend and I have discussed this matter and I have checked with our caucus members as to who wishes to speak on this bill. I know for sure of one person who wishes to speak on it Monday evening; I know of no others.

I can give an undertaking that we will be prepared to send this bill to committee on Monday evening.

Senator Frith: That is, providing there is a majority vote to do so. We will be voting against that motion. In other words, we will not be sending it; you will be sending it.

Senator Molgat: Concerning the two other bills, we have some speakers on those. I do not believe there will be any delay in sending them to committee. I cannot guarantee that it will be on Monday, but during the course of the week they will go to committee. However, what happens in committee is not under my control.

Senator Frith: They will be full hearings, however.

On motion of Senator Molgat, debate adjourned.

BILL TO DISSOLVE OR TERMINATE CERTAIN CORPORATIONS AND OTHER BODIES

SECOND READING—DEBATE ADJOURNED

Hon. William M. Kelly moved the second reading of Bill C-63, to dissolve or terminate certain corporations and other bodies.

• (1720)

He said: Honourable senators, I am happy today to introduce Bill C-63, known as the act to dissolve or terminate certain corporations and other bodies. This bill, stated simply, implements the decision announced in the February 1992 budget statement to close down the Canada Employment and Immigration Advisory Council, the Canadian Institute for International Peace and Security, the Economic Council of Canada, the International Centre for Ocean Development, the Law Reform Commission and the Science Council of Canada, six organizations in all.

Senator Barootes: It does not include the CBC, does it?

Senator Kelly: There will have to be a special bill for that. The bill establishes legislative authority to wind up each of these organizations and for transferring the rights, assets and liabilities and in some cases the duties of each of these bodies back to the government. The rights of third parties dealing with these organizations, including the employees and others having contractual relations with them, are protected by allowing for the continuance of any legal proceeding against anybody to proceed directly against Her Majesty in right of Canada. The bill, in addition to repealing each organization's special act, also deletes the name of each body as required from federal statutes of general application such as the Financial Administration Act, the Access to Information Act, the Public Service Superannuation Act, the Privacy Act, et cetera.

Honourable senators, that in essence describes the purpose and objectives of this bill. I would like to turn briefly to a description of each organization covered by this bill.

The Canada Employment and Immigration Advisory Council was established in 1977 to provide independent advice to the Minister of Employment and Immigration on the department's policies and programs. The council consists of a chairman and 16 to 22 members appointed by the Governor in Council, plus support staff. Annual gross appropriations for

the council reached $492,000 in fiscal 1991-92 and the council employed nine people. The advisory functions performed by the council have been superseded by the Canadian Labour Force Development Board for the employment side of the department, and analogous consultative mechanisms exist on the immigration side. In addition, the department has a strong strategic policy and planning branch which will continue and which for fiscal 1991-92 accounted for some $11.02 million in appropriations and 131 authorized person years.

The Canadian Institute for International Peace and Security was established in 1984. Its stated purpose is to increase the public's level of knowledge and understanding of the issues relating to peace and security from a Canadian perspective. The institute focused on arms control, disarmament, defence and general conflict resolution. The institute was established as a council corporation and accounted for annual appropriations of some $5 million. Obviously the new geopolitical environment reduces the need for such an institute, at least in the form it has taken up until now. In addition the government can rely more on independent foreign policy research and analysis available from universities and think tanks and can still contract with academics and independent research facilities to provide independent advice, research and analysis as required.

Honourable senators, the Economic Council of Canada was created in 1963 and I do not dispute that its windup is probably the most difficult and contentious issue raised by Bill C-63. Since its creation, the council provided a source of economic analysis and advice on the growth and development of the Canadian economy. In particular it advised on how to "achieve the highest practicable levels of employment and efficient production in order that Canada may enjoy a high and consistent rate of economic growth", in which all Canadians might share.

The quality of its work was unchallenged and its reports and forecasts gained domestic and international repute. By fiscal 1991-92 its budgetary appropriations had surpassed $10.6 million per year and it had a total of 118 person years. When the economic council was established 30 years ago there was a shortage of independent economic research institutes in Canada, what we call economic think tanks. Such is not the case today. At this point in time we have the Institute for Research on Public Policy, the C. D. Howe Institute, the Conference Board of Canada, the Fraser Institute, the Canada West Foundation, La Centre de Recherche et Développement en Economique and the Institute for Policy Analysis, to name a few. This of course does not include the large number of first-rate economic faculties in Canada or academic economists who are available to research and advise the government on economic matters.

The International Centre for Ocean Development was established in 1983. Its mandate was to support ongoing coordination with the developing countries in ocean resource management and development. That centre was established as a Crown corporation, has a board of 14 members appointed by Governor in Council, and by fiscal 1991-92 accounted for $13.3 million in annual appropriations. It is the government's considered view that a separate organizational infrastructure for the purposes performed by the centre is no longer justifiable and the continuing function of this agency will be transferred to the Canadian International Development Agency, CIDA.

[Senator Kelly.]

The Law Reform Commission was set up in 1971. Its purpose is to advise the Minister of Justice on "a continuous and systematic basis" with respect to the "improvement, modernization and reform" of the statutes and other laws of Canada. Everyone here will be aware of and acknowledge the excellent work done by the LRC in the fields of family and administrative law and in amendments to the Criminal Code. In the 1991-92 estimates, the commission accounted for appropriations of just in excess of $4.9 million and 36 authorized person year. Where necessary the work previously undertaken by the LRC will be commissioned by the Department of Justice from universities, private law firms and elsewhere.

The Science Council of Canada was created in 1966. Its mandate is to assess Canada's scientific and technological requirements, to increase public awareness of these requirements, to assist various groups in society in the development and use of science and technology and to advise the government on the best use of science and technology. Operating as a Crown corporation, by fiscal 1991-92 the science council accounted for appropriations of $3.4 million and 29 authorized person years. The government has decided to wind up the council so as to minimize the administrative costs and infrastructure and to maximize the flow of grants to researchers.

Based on the 1991-92 estimates the windup of these six organizations will cut $36.5 million annually from the government's operating costs. In a net sense, the actual savings will be somewhat less since in many cases the functions will be performed elsewhere. What has been cut essentially are the administrative infrastructures and the cost of any organizational duplications or overlaps.

There is no question that the windup of these organizations, several in particular, is contentious and will continue to be contentious for some time. In some cases—particularly the economic council—a gap will be there for awhile. People who previously worked for these agencies will have to find alternate employment, a task that is not easy these days for anyone, but in order to control the deficit the government has been forced to cut back. It cannot just cut back on programs and transfer payments, it must also cut back on operations, which unfortunately means people and organizations. If Canadians are hurting due to the current economic circumstances, as they are, they expect governments and public officials to share that pain.

Ottawa, government agencies and public servants can't be immune from the general economic circumstances and what

has to be done to turn the economy around. If I can use a private sector analogy. I do that occasionally though some in this place find such analogies offensive or misleading. A private sector corporation faced with the circumstances in which the government now finds itself, prunes costs, divests of non-performing assets, disposes of redundancies, finds ways to maximize return on the money it spends and streamlines administrative infrastructures. Many private corporations are doing just that today in order to compete or in some cases, to survive. This is what Bill C-63 is doing in the context of government.

There are those who have said—and doubtless will continue to say—that the Economic Council is being wound up because it too frequently took positions or made recommendations which were at variance with current government policy. Honourable senators, I reject this suggestion. Implicitly, it indicates that this is a mean-spirited, ill-intentioned government, overly sensitive to criticism. I reject that suggestion. How a government that has been as low in the polls as much and for as long as this government has been and can still be sensitive to criticism is beyond me. In addition, I can safely say that in all the years I have lived here and been conscious of what has gone on and from my experiences in government, both Liberal and Conservative, I have not yet seen a government that did not do the best it could, and was not doing the best that it could in the public weal within its philosophical boundaries. This government, I can assure you, is no different.

There are those who have said that the wind-up of the "granting councils" such as the Science Council, will remove the so-called arm's length relationship that until now applied to the issuance of research and other forms of grants, subventions and contracts. The obvious concern is that henceforth this process will become politicized.

I reject this notion. First, past experience with arm's length bodies—and I mention as an example TVO in Ontario —shows that the model provides no guarantee that money is dispensed with economy and efficiency. Furthermore, the money dispensed is public money for which ministers are ultimately accountable to Parliament. If accountable, they must at least be able to know how such money is being dispensed, and set general policies and guidelines. Finally, I doubt very much that ministers will interfere in the granting process. I am quite confident that grants will be dispensed by public servants without interference from ministers or their staffs.

As I have said before in this place, I had the honour of being the co-chair of our party's Crown Corporations Task Force in 1983-84. I am pleased that many of the recommendations we made then have now been implemented in terms of rationalizing the Crown corporations sector.

One of the themes that permeated our report was that, in its machinery of government, any government has to be flexible and responsive to changing circumstances and requirements. We found that the Crown corporation sector, which then consisted of some 178 individual organizations, was too large, too amorphous, too diverse and to extensive to be adequately controlled or directed by or be accountable to elected officials. We thought there was great scope for wind-ups and mergers in the sector to dispose of overlaps, duplications and inefficiencies that had arisen over the years as the sector grew like Topsy and, if I may say so, willy-nilly.

Our task force was strongly of the view that the sector should not be perceived or allowed to become fixed, unchanged and unchanging. Instead, we recommended that the sector should be fluid with organizations coming and going, constantly having to justify their existence, and allowing the government to respond effectively and efficiently to changing public policy, circumstances and requirements. Bill C-63, in part, is a manifestation of that orientation and philosophy. I might also say that the proliferation of advisory bodies to the government to an extent usurped the role of Parliament and of Parliamentarians.

Honourable senators, I believe this and the other place can, and should, do much more in analyzing policy alternatives and in making recommendations to the government. Senate pre-study of various bills and special studies have shown we have the capability to do it in this place, and to do it very well. The demise of several of the advisory bodies should be taken by this place as an opportunity to become more proactive and more engaged in the process of public policy-making.

Finally, honourable senators, I would be remiss in presenting this bill were I not to comment on and draw attention to the work these six agencies have done and their contribution to the public policy process. I know the wind-up of these organizations will be interpreted by some as indicating that the government evaluated their contributions and found them wanting. I am sure this is not the case. These organizations have performed an important and valuable role for which their managers and employees justifiably can feel proud. There is no dishonour in Bill C-63 for these organizations, or for their staffs. It is simply that, in these days of very tough economic times and budgetary restraint, cuts must be made and, inevitably, these cuts will hurt.

To the six organizations, to their current and past employees, I think I can, on behalf of this place, express our gratitude for a job well done in the service of Canada and wish each of them Godspeed and all good wishes for the future. I am sure their experience and their work with these agencies will stand them in good stead in proceeding with the next steps in their careers.

With that, honourable colleagues, I commend Bill C-63 to your attention.

On motion of Senator Molgat debate adjourned.

PUBLIC SERVICE EMPLOYMENT ACT

PUBLIC SERVICE STAFF RELATIONS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Roch Bolduc moved the second reading of Bill C-26, to amend the Public Service Employment Act, the Public Service Staff Relations Act and other Acts in relation to the public service of Canada.

He said: Honourable senators, the bill before us today, Bill C-26, the Public Service Reform Act, represents one of the pivotal steps in the reform of a great Canadian institution: the Public Service of Canada.

Our government has helped the public service to take the measures it requires to meet the demands of the 1990s and beyond. This has been a complex, multi-faceted process. We are dealing with the reform of an institution whose basic culture has been in place for three-quarters of a century. We are putting in place the first efforts in a quarter century to modernize and streamline the laws that govern this institution.

The Standing Senate Committee on National Finance conducted a series of hearings on the Public Service 2000 initiative from November 1991 to May 1992, during which a number of witnesses gave extensive testimony. These witness included senior officials from central agencies, such as the Privy Council Office, Treasury Board, the Public Service Commission, the Auditor General, the Public Policy Forum, and from unions such as the Professional Institute of Canada, the Economists, Sociologists and Statisticians Association, and the Public Service Alliance of Canada.

Honourable senators will recall that the PS 2000 process was launched by the Prime Minister in December 1989. It was nearly two years ago that a White Paper was tabled, outlining the government's vision of a more effective, more responsive, and more efficient public service: a public service with the powers it needed to respond to the needs of Canadians into the next century.

Over the past three years, many of the reforms that respond to the vision of Public Service 2000 have been implemented. Many more are in the process of implementation. Some of the changes have been implemented as a result of administrative reform. We have improved training and development opportunities. We have consulted with our clients and have secured a better understanding of what Canadians require. Other changes have come about as a result of changes in the attitude of public service employees who find themselves empowered into a new corporate culture.

[*Translation*]

Together, these changes carry out approximately 90 per cent of the process set in motion to modernize the Public Service and to make it more efficient. The other 10 per cent, honourable senators, would require legislative changes.

[Senator Kelly.]

The legislation governing the Public Service of Canada is over a quarter of a century old. It came into force back in the days when information was wired instead of sent by electronic mail. There were no fax machines, no photocopiers or cellular phones in those days, and the state of the information technology allowed neither decentralization nor delegation of powers. And lengthy administrative procedures were not seen as inappropriate then, while they do today in this fast-changing world of ours.

These laws were passed before we actually came to understand the phenomenon by which women were prevented access to the higher echelons of management and the special obstacles encountered by natives, visible minorities and the physically challenged.

They were passed before we realized the true value of career planning to create possibilities of acquiring new skills. In fact, in those days, government employees did not have to upgrade their knowledge and skills continually, as they to today, to do their job properly in a context where everything changes very quickly.

[*English*]

Over the past decade, many Canadians have recognized the need to update the legislative authorities governing the public service. Royal Commissions, joint committees, and repeated calls for review by the Auditor General have added to the chorus of voices calling for modernization. The bill before us today, honourable senators, is a response to those demands. It is a bill designed to provide the public service with the tools it needs for the future. These changes will help the government provide better services for Canadians at the same time that it protects the interests of public service employees.

Let me briefly address the primary criticisms that have been levelled at Bill C-26 since it was tabled in the House of Commons a year and a half ago.

Some have argued that this legislation will undermine the merit principle in the public service, but merit through competition will remain the general basis for recruitment into the public service and promotion within it. Even the authority to managers to redeploy staff to other jobs at the same level requires their consent, and provision is made for a strong redress mechanism involving the Public Service Commission.

Some fear that the bill will result in many more public servants being excluded from union membership. In fact, the overall effect is likely to be a somewhat higher level of unionization, which is already considerably higher than in the Ontario and Quebec public services.

Some claim that the government and public service managers should not have the power to contract services out when this is seen as being more efficient and effective. But surely any organization must have the ability to choose "make or buy" options.

Some union leaders have argued that the Public Service Commission should be abolished and staffing made subject to collective bargaining. I cannot see this as a contribution to the effectiveness of the public service.

There are many provisions that even the most vociferous critics tend to like: an end to probationary periods other than on initial appointment, because now we also have probationary periods after promotion; consolidation of processes for release and demotion; new machinery for designating essential services; increased scope for arbitration; streamlining of the administration of eligible lists; term employees becoming union members after three months instead of six; notice to bargain extended from 60 to 90 days; new powers to encourage employment equity.

The Auditor General, in his recent annual report, chides the government for the length of time it is taking to pass Bill C-26. I quote him:

> It is my view that current public service human resource management systems—such as those for job classification and staffing—are too costly, and do not provide the flexibility or encourage the adaptability needed today. Legislative change is crucial to modernizing these systems.

Those are the words of the Auditor General.

One of our finest academics, Professor Kenneth Kernaghan, in his submission to the National Finance committee, addressed the most controversial issue, that of deployment. He stated:

> There is a proposal, as you know, to allow deployment of public servants by senior managers so that they can be transferred quickly in order to adapt to changing needs. But the PS 2000 report makes direct reference to the fact that one of the reasons for this is to ensure that there are developmental opportunities for persons who have been historically disadvantaged—the various target groups.

Later in his testimony, regarding his views on deployment, he concluded:

> This is one of the trade-offs that I, frankly, have had some difficulty with. I understand the public service argument on this and I am sensitive to it, but on balance I am convinced that the need to enable management of government to proceed in a more flexible and faster way to adapt to changes that exist overrides that consideration.

[*Translation*]

Honourable senators, in opening this debate on second reading, I would like to go back in time for a moment. I would like to put this bill in the more general context of the Public Service reform. It often becomes very easy for us to forget to keep a general perspective while we squabble over small details.

I would like to remind my colleagues that Canada is not the only country that wants to restructure its public service. Everywhere in the world, countries seek new ways to enable their public service meet increasingly complex requirements in a context that also becomes more and more difficult and in which everything is faster and faster.

Regardless of where they take place, these reforms are essentially the result of the same forces. Everywhere in the world, governments realize the contribution of their public service to the improvement of social and economic conditions.

Everywhere in the world, governments look for ways to make their bureaucracies put more emphasis on services to the public and be less obsessed by internal mechanisms.

Everywhere in the world institutions from the public sector look for new and cheaper ways to fonction.

I gave here some additional information on on what took place in New Zealand, where they have set up a series of government agencies somewhat similar to the Swedish model, and to what they have in England where there are now more and more special agency operation of government to executive agencies, as well as in France, where there are plenty of different models.

[*English*]

In my view, this government's reforms of the public service have fallen on the moderate, administrative end of the spectrum. It is not New Zealand; it is not England; it is not France; it is Canada. In December, 1989, the Prime Minister outlined his vision for reforms in a program we have all come to know as Public Service 2000.

Canada has a public service today that has evolved to meet Canadian demands and needs. It is generally regarded as one of the best public services in the world. That is what they say in other countries, and I would agree with that assessment. I myself have been chairman of the Civil Service Commission in the province of Quebec, as well as deputy minister of various departments. As secretary of the Treasury Board, and later as secretary general of the government, I think I obtained a deep understanding of the problems and challenges of managing a modern public service. Since coming to Ottawa, I now appreciate the professionalism and dedication of the public service of Canada. It is an institution of which all Canadians should be very proud.

The Canadian public service has been built up over 75 years on the pillars of merit, equity, and non-partisanship. It is a uniquely Canadian institution, created by Canadians to reflect the needs of the country and its people. Few Canadians understand the breadth and scope of the work done by our public service employees, but I assure you that Canadians value the work of these employees.

Let us take, for example, a typical day in Canada. If we were able to review the work performed on this very day by public service employees across the country, I believe that all

members of this chamber would be impressed by the service provided.

By the time this day is over, air traffic controllers will have supervised the safe takeoff and landing of over 13,000 aircraft. Agriculture Canada inspectors will have processed over 35,000 tons of meat. Members of the Department of National Health and Welfare will have provided medical services to more than 16,000 Canadians. These are just a few examples.

Parks Canada, for example, records 18 million visits a year. Revenue Canada processes 18 million tax forms, External Affairs 1.2 million passports, and Canada Customs 119 million travellers in a year. Each year, the Department of Supply and Services issues 112 million Canada Pension Plan, Old Age Security, and Family Allowance cheques.

Over 200,000 public service employees work to provide these and other services. They work in a corporate culture that values service to Canada and Canadians, that values honesty, integrity and non-partisanship, and promotes a spirit of professionalism in carrying out responsibilities.

[*Translation*]

Honourable senators, civil servants provide these services during a period of budgetary restraints, as the Minister of Finance reminded us yesterday. The government is stuck with a national debt that forces it to spend 33 cents of every dollar on the servicing of that debt.

It must somehow manage to always do more with the 67 cents that it has left. In the nineties, nobody wants a reduction of the services provided by the government. In many important ways, Canadians need more of those services. They need services that will help them meet the requirements of an economy which, because of the globalization of the markets, is more and more based on information technology.

[*English*]

They need the electronic databases that tell them about export opportunities. They need an automated patent office that will help them keep track of technological innovation. They need remote sensing satellites to help monitor our forests, farms and fisheries.

However, as the government reduces its spending, all these services that Canadians want and need must be delivered at lower cost. The government must balance the demand of Canadians for federal services and the ability of taxpayers to pay for them. We have made tough decisions recently, and we will continue to make them. Canada's public service employees are the front-line workers who must deal with the consequences of these tough decisions.

This has been a very difficult process for Canada's public service. The public service has steadily raised its productivity because it has been making better use of the most important resources at its disposal: The skills, knowledge and talent of its employees. We must not impede them with unnecessary red tape and constraint.

This is part of the vision of PS 2000. We seek to make the existing employment and personnel management regime less complicated and burdensome for managers and employees alike. We seek to reduce central administrative controls so that deputy ministers will have greater authority to manage their departments and clearer accountability for results. We seek to clarify and simplify the roles of central agencies and of systems of personnel and administrative control throughout the government. We seek to control and reward innovative ways to encourage efficiency and improve program delivery.

For government employee, PS 2000 means a spirit of entrepreneurship within the bureaucracy. It means giving managers more flexibility to do their jobs. It means more decisions at the local level on what is the best way to deliver government programs. It means less checking with Ottawa.

For the government client, PS 2000 means less red tape and decisions that can take account of local needs.

For the taxpayer, PS 2000 means more tax dollars devoted to service delivery, less for internal administration. Reducing paper burden, red tape and the number of management levels will reduce costs. It will free up resources. It will help Canada's public employees improve front line services to the public.

[*Translation*]

Honourable senators, the Public Service has already revised those components of its administrative practices which do not require changes in legislation. The number of detailed administrative regulations has been reduced considerably. Policies are now far more succinct. They emphasize major imperatives instead of detailed instructions. For instance, in the field of materiel management, a policy that formerly covered 138 pages has now been reduced to 30 pages, including two pages of general principles and 28 pages of guidelines. That is an improvement.

Departments must submit administrative reports to Treasury Board. Formerly, forty were required, while today, only nine are necessary. The Public Service is decentralizing decision-making. Instead of asking them to follow the rules, we now ask program managers to concentrate on customer service.

Of course, we still have rules, but they are now intended to be a help, not a hindrance.

We make sure that employees receive adequate training to cope with the demands of increasingly complex tasks, to make decisions and be responsible for getting results.

[*English*]

Honourable senators, the bill before us is an integral part of this process of reform through Public Service 2000. The provisions it puts in place do not represent a major overhaul.

They are neither revolutionary nor risky. Rather, they fine-tune an organization that has already provided exemplary service to Canadians.

Nearly every provision of this bill can be related to the goal of improving services. Some are direct. We will improve the speed with which jobs can be filled. Others are less direct. We will simplify administrative procedures which, in turn, should leave more managerial or employee time for getting their real jobs done, and not jumping through administrative hoops.

Through this bill, we seek a balance between the needs of taxpayers and the needs of public servants. This balance has been achieved through a process of reasoned compromise.

This bill has not reached this stage without its share of opposition. The government has given honest consideration to the issues raised by opposition members in the other place, and a number of early proposals were altered during consultation to accommodate some of the concerns raised by public service employees and their representatives.

We have worked hard to create a piece of legislation that strikes the careful balance between the needs of the public service and the taxpayers of Canada.

Three years after the Prime Minister gave us his vision of a modern, effective public service in Canada, I am pleased to see this bill before us today. I urge honourable senators to support Bill C-26 and give the public service of Canada the legislative authority it needs to build upon the reforms already in place as a result of PS 2000.

[*Translation*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Would the senator entertain a question?

Senator Bolduc: Of course.

Senator Molgat: Honourable senators, if I am not mistaken, Senator Bolduc spent many years in the public service and had a very important job in the public service in Quebec. Is the system in Quebec different from the one in Ottawa? Is it more like the new system being proposed? What exactly was the situation like?

Senator Bolduc: Honourable senators, I am glad the Deputy Leader of the Opposition asked me that. In fact, the present federal system is the same one we have had since 1923 and which existed in Quebec until 1966. In 1966, we made changes to provide more flexibility.

One of the important aspects of this bill is that it provides that flexibility. We have a whole series of specific job categories, so specific that if you add one task, the employee's classification would have to change and that would involve a change in staffing, so that in Ottawa today, we have detailed individual staffing processes, 300,000 a year for 200,000 jobs. This means that every year they tinker one and a half times with people with jobs, so there is also the possibility of grievances. This makes no sense at all, and it was high time we cleared that up and introduced some general categories. As you know, in the present federal public service, on the whole,

[*English*]

Canada's public service numbers some 500,000 people. Included in that number are about 200,000 civil servants, between 80,000 and 85,000 military personnel, approximately 20,000 employees of the Royal Canadian Mounted Police and 200,000 employees of crown corporations and other governmental agencies. We are talking here about these 200,000 people.

In that number there are about 4,000 top managers, 25,000 professional people such as engineers and anthropologists, administrative and middle management people who number about 60,000 people and something in the order of 60,000 clerical employees. Then there are the operational workers and about 25,000 technicians.

Those broad categories will remain, but within them it will be possible to have a broader basis, for example, between categories. I am not talking about broad categories, but the occupational functions within each. For example, instead of having something in the order of 100 categories of technicians, there may be fewer. It will be the same for the professionals, as it will for clerical employees.

This will provide a great deal of flexibility for the management in the system.

Senator Molgat: One of the objectives of establishing the Canadian public service was to ensure an independent service, free from political interference. Will this new system ensure that independence and freedom?

[*Translation*]

Senator Bolduc: Honourable senators, the foundation, the merit principle, in other words, electing people on the basis of their competence following a competition doesn't change. That will remain, except that in the case of a promotion, where the general principle will of course be maintained as well, lateral transfers can now be made with more flexibility. I think that is what we need today.

[*English*]

I think that the real foundation of the merit system, which is competition and the selection of the best, either for original appointment and promotion, will stick. In fact, the Public Service Commission will continue to have that supervisory role. The basics are not changed in that regard.

On motion of Senator Molgat, debate adjourned.

ADJOURNMENT

Leave having been given to revert to Government Notices of Motions:

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(h), I move:

> That when the Senate adjourns today it do stand adjourned until Monday next, December 7, 1992 at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move that all further Inquiries, Motions and Orders be suspended until the next sitting of the Senate, on the understanding that the calendar remains fixed as it was yesterday.

Senator Molgat: Agreed.

POINT OF ORDER

Hon. Noel A. Kinsella: I rise on a point of order, honourable senators. When the Deputy Leader rose a few moments ago, I did not hear him say "Senate Public Bills".

Senator Lynch-Staunton: It is covered under "Further Orders".

Senator Kinsella: It is my understanding that the rules provide we complete our business. I wish to proceed to Order No. 1 under Senate Public Bills so that I might move second reading of the bill. I therefore suggest that we not see the clock. It will not take more than five minutes. 2

Senator Lynch-Staunton: Just to clarify, government business does have priority, and then the house can decide whether it wants to proceed with further business. If the senator wishes to proceed with his bill and can do it within a reasonably short space of time, I am certainly prepared to give him leave to do so.

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

Some Hon. Senators: Agreed.

Senator Molgat: As leave is required in order to ignore the clock, we are prepared to grant leave.

CANADIAN HUMAN RIGHTS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Noel A. Kinsella moved second reading of Bill S-15, an act to amend the *Canadian Human Rights Act* (sexual orientation).

The purpose of this bill is to amend the *Canadian Human Rights Act* in order to have the act reflect in statutory law the current state of this federal anti-discrimination act as recently modified by the jurisprudence, particularly in relation to the

[Senator Bolduc.]

findings of the Ontario Court of Appeal on August 6, 1992 in its decision in *Haig v. Canada (Minister of Justice)* to the effect that subsection 15(1) of The Canadian Charter of Rights and Freedoms protects individuals from discrimination based on sexual orientation. The Federal Court, Trial Division in the case of *Douglas v. Canada* made an order to this effect on October 27, 1992.

Honourable senators, the scope of Bill S-15 is quite narrow and very specific. It seeks to amend the *Canadian Human Rights Act* by codifying in the statute what the courts have now declared to be federal law.

Honourable senators, there are a number of reasons why the Senate as one of the two Houses of Parliament would want, in my judgment, to adopt this bill. One reason has to do with the responsibility of Parliament to respect its legislative role and ensure that the statutes of Parliament are fully expressive of the law for which they provide. Another reason in support of the proposed bill is that by setting out in the statute the proscribed ground of discrimination which the Ontario Court of Appeal has "read into the act" would remove any possible doubt as to the universal application of this provision of the *Canadian Human Rights Act* in all parts of Canada falling under federal jurisdiction.

It was the Supreme Court of Canada in *R. v. Schachter*, decided on July 9, 1992, which provided the Ontario Court of Appeal with the guidelines concerning the remedy of "reading into" a statute a provision which, if left excluded, causes the given statute to be inconsistent with the Charter. Of interest is the following portion at page 10 of the *Haig* judgment:

> The first step in the determination of whether reading in is appropriate is to define the extent of the inconsistency between the right to the equal protection and equal benefit of the law guaranteed by s.15(1) of the Charter and s.3(1) of the *Canadian Human Rights Act*. The inconsistency is the omission of sexual orientation from the prohibited grounds of discrimination in s.3(1) of the Act. At pp. 14-15 of his reasons [in the Schachter case] Lamer C.J.C. said:
>
> > Where the inconsistency is defined as what the statute excludes, the logical result of declaring inoperative that inconsistency may be to include the excluded group within the statutory scheme.
>
> [The chief justice] points out, however, that since the role of the legislature is to be respected, the court should not read in in cases where there is no manner of extension which flows with sufficient precision from the requirements of the Constitution. In the *Haig* case, the court held that the definition of the extent of the inconsistency is easily capable of being determined with precision: The omission of the words "sexual orientation" from s.3(1) of the *Canadian Human Rights Act*.
>
> The Court's next consideration in determining whether "reading in" is appropriate, is the impact of the available

remedies on the objectives of the legislation in question. "For the remedy to be selected must constitute the least possible interference with that legislative objective." If reading in would result in a greater interference with the legislative objective than striking down, it would not be appropriate. It would, however, be appropriate if it enhances the legislative objective more than striking down would do.

Finally, it would be an unwarranted intrusion into the province of the legislature if reading in would bring about a result that is manifestly contrary to the legislative objective. A mere reading of s.2 of the *Canadian Human Rights Act*, set out above, discloses that to read into s.3(1) the words "sexual orientation" would be less intrusive than the total destruction of the objective that would result from striking the provision down. Reading in not only leaves the purpose of the Act intact but it enhances it by making it conform to Charter values.

Budgetary impact of the proposed remedy is another important consideration in the Supreme Court of Canada's guidelines. The Schachter case was itself a case in which the remedy of reading in directly affected the Consolidated Revenue Fund because it would have resulted in the payment of money to a category of persons not otherwise entitled to payment by the terms of the legislation.

It was held that reading in would be inappropriate if it involved an intrusion into legislative budgetary decisions so substantial as to change the nature of the legislative scheme in question. It is true that extending the protection of the Canadian *Human Rights Act* to persons who complain of discrimination because of their sexual orientation may well increase expenditures by reason of additional investigation, proceedings and perhaps Commission staff. Although there is no estimate in the evidence before us of this possible increased budgetary burden, it is, I think, safe to assume that it cannot be so great as substantially to change the nature of the legislative scheme created by the Act.

The Court guidelines also require that one consider whether reading in results in an impermissible intrusion into the legislative realm by asking whether the significance of the remaining portion is so markedly changed that it would be unsafe to assume that the Legislature would have passed it. If it were unsafe to assume that Parliament would have enacted the protection to categories of persons enunciated in s.3(1) of the *Canadian Human Rights Act* if sexual orientation were to be included, the section would have to be struck down. The relative size of the two relevant groups is a significant factor in this determination. At p. 33 of his reasons in *Schachter*, Chief Justice Lamer said:

> Where the group to be added is smaller than the group originally benefitted, this is an indication that the assumption that the Legislature would have enacted the benefit in any case is a sound one. When the group to be added is much larger than the group originally benefitted, this could indicate that the assumption is not safe. This is not because of the numbers per se. Rather, the numbers may indicate that for budgetary reasons, or simply because it constitutes a marked change in the thrust of the original program, it cannot be assumed that the Legislature would have passed the benefit with the exclusion . . .
>
> In this case, the group to be added is significantly smaller than the group now benefitting. Given the evidence in the material before the Court [considered in *Haig*] on this application of the commitment of successive Ministers of Justice on behalf of their governments to amend the legislation to add sexual orientation to the list of prohibited grounds of discrimination, it is surely safe to assume that Parliament would favour extending the benefit of 3(1) to homosexual persons over nullifying the entire legislative scheme.

By supporting this bill the Senate will not only be confirming this assumption of the court, but will also be demonstrating the role of the Senate as an institution prepared to promote equality for all Canadians.

Last December I had the privilege to speak in this chamber on Human Rights Day, December 10th. At that time I argued that there is a direct causal relation, in my view, between the practice of freedom and the control over state power; between the history of liberty in Canada and the role of the Senate and Parliament.

Not only does this chamber serve as an important check on the exercise of state power, but the Senate can play a very special role in the protection of parts of Canada or groups of Canadians, which and who by themselves will never constitute a majority. This role of protecting the minority is especially important where a given minority group of Canadians might be perceived by the majority as a despised minority group.

Honourable senators, I am confident that Canadians will welcome this initiative of the Senate and that they will see it as our willingness to take steps to protect minorities. I am equally confident that members in the other place will also welcome our initiative, since it is consistent with the ministerial statements and those of many members of the House of Commons. We know that a parliamentary committee had made such a recommendation, and we also know that the proposed amendment to the Human Rights Act contained in Bill S-15 has been a recommendation of the Canadian Human Rights Commission for some time.

It is important that our federal statutes not fall behind the statutes of the provinces and territories. Currently, seven of the ten provinces and two territories include sexual orientation in the list of proscribed grounds of discrimination provided for by their Human Rights Acts. The work of Human Rights Commissions over the years, from the early days of the legislation in Quebec, which was the first jurisdiction to include

sexual orientation in the list of proscribed grounds of discrimination, to the more recent amendments of the New Brunswick and Nova Scotia Human Rights Acts, demonstrates this is a good equality measure with much to be gained and no downside risk.

I would ask, honourable senators, for your support of this bill and its early passage in order that it might be sent, afterthird reading, to the other place for an expeditious consideration.

I hope that our Standing Committee on Legal and Constitutional Affairs will have an opportunity to examine it in detail.

In conclusion, honourable senators, let us recall that human rights law is inspired by the belief not only that human beings are born equal in their rights, but that they also have an equal and inherent right to be dealt with fairly and without prejudice.

On motion of Senator Molgat, debate adjourned.

The Senate adjourned until Monday, December 7, at 8 p.m.

THE SENATE

Monday, December 7, 1992

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

Prayers.

THE LATE HONOURABLE GUY WILLIAMS

TRIBUTES

Hon. Royce Frith (Leader of the Opposition): Honourable senators, today we mark the passing of two of our previous colleagues, Senators Guy Williams and Michel Fournier — colleagues, but not recently sitting members of the Senate. By co-incidence, they were both sworn in on the same day, December 16, 1971, as shown in the *Debates of the Senate* of that date at page 498.

Let me say a word or two about Guy Williams. We mark today the passing of a senator, a famous advocate on aboriginal issues and an important figure in Canadian history. Senator Guy Williams brought his versatile knowledge and experience as a Native Canadian to the Senate and contributed to making this Chamber the representative body it was meant to be, thereby helping Canadians from coast to coast to coast better understand each other.

Guy Williams was born on a reserve near Kitamaat Village, British Columbia in 1907. He was taken from his family when he was quite young, on a trip which he thought was to Vancouver but actually was to a residential school. His experiences there over four years led him later to advocate equal access to the educational institutions that other Canadian children had.

After completing Grade 9 at the residential school, he returned home to join the family fishing business. It was in this industry, fishing, that he would first make his mark, eventually going into business for himself.

Before becoming his own boss, he worked for a company called Nelson Brothers. There he learned much about the fishing industry and eventually skippered a salmon-seiner named *Jedway*. When he was not fishing or skippering, he was building 35-foot-long dugout canoes with his family. That is a long boat. They would build several canoes so that when one was damaged, there would be another ready to take its place. Building canoes was not just a hobby to Guy. He learned Japanese techniques for building larger boats, and boat-building become a part of his occupation.

Guy found another successful calling in the struggle for aboriginal rights. He was a founding member of the Native Brotherhood of British Columbia. The goals of this organization were to work "for the betterment of [Native] conditions, socially, mentally and physically." The brotherhood was instrumental in ensuring that, since Natives paid taxes, they received the Old Age Pension, family allowance and unemployment insurance coverage. In 1960 Guy Williams became the president of the brotherhood, a position he held until 1972. He was named honourary president in 1976 and President Emeritus in 1990.

He was summoned to the Senate on December 9, 1971, almost 21 years ago. We know him to have worked tirelessly here on many issues affecting Native Canadians until his retirement in 1982, and he continued his work after his retirement. I remember when he left the Senate. We missed his well- informed interventions and the value of his experience and unique perspective.

I extend to his family and to all his brothers and sisters in the wider sense, our deepest regrets.

Hon. C. William Doody: Honourable senators, I should like to add a word or two on behalf of this side in tribute to Senator Guy Williams.

Senator Williams was an eight-year veteran when I arrived in this place. I think he had been here since 1971. I got to know him reasonably well as a fellow member of Senator Hastings' pipeline committee. We had occasion to travel extensively in the north, and I was quite taken with Senator Williams' knowledge and wisdom of that part of our country. I am indebted to him, because I learned a lot, and had a much greater understanding of that part of our country than prior to meeting him.

His interests and concerns in the matters of his fellow indigenous people and his arguments and his pleas on their behalf are well known to anybody who has looked at the records of this place. He made substantial contributions, not only to the debate in this place but to debates in Canada generally with regard to Aboriginal peoples.

Senator Frith mentioned Guy Williams' interest in fishing and fishermen, and I am well aware of that. His interests were not only in large canoes, but were with the concerns of the fishing industry and fishermen generally. He spoke often and well, not only of the fishermen in British Columbia, his own part of the world, but of the fishing industry and people associated with it across this country.

We on this side share the regrets expressed by Senator Frith on Senator Williams' passing, and we join with him in sending our condolences to the Williams family.

THE LATE HONOURABLE MICHEL FOURNIER

TRIBUTES

Hon. Royce Frith (Leader of the Opposition): Honourable senators, this past weekend Senator Michel Fournier, who represented New Brunswick, also passed away.

Senator Williams died, I believe, on Friday. Senator Fournier died, I believe, yesterday. We mourn the loss today also of Senator Michel Fournier, an Acadian from Point Verte, New Brunswick.

Michel Fournier also had a long history of active community work. He began his career in the public service as a county councillor from 1935 to 1940. After serving in the municipal sphere, he moved to the provincial legislature, to which he was first elected in 1945. There, under the guidance of our colleague Senator Robichaud, who was then Premier of the province of New Brunswick, he became Minister of Industry and Development in 1960, a position he held until 1963. He then resigned in 1963 to become vice-chairman of the Workmen's Compensation Board.

Michel Fournier played an active role as advocate for the New Brunswick agricultural community. He was a director of the New Brunswick Agricultural Federation and the New Brunswick Federation of Credit Unions. He was also a founding member and first president of the Point Verte Credit Union.

He was named to the Senate on December 16, 1971, along with Guy Williams and Frederick Rowe. Senator Fournier brought his own perspective to the Senate. He helped make the Senate the representative body it was meant to be. Senator Fornier addressed this issue on July 12, 1977, at page 1133 of the *Debates of the Senate:*

[*Translation*]

> It was even said that it would have been very difficult to convince Lower Canada and the two small provinces to join had it not been for the promise to create a second House, to be called the Senate, which would have the power, or the special mandate, to represent regions in order to protect the small provinces and defend minorities and which would of course review bills.

• (2010)

[*English*]

I extend my regrets to Senator Fournier's family. He was a dedicated and sincere person who made many important contributions to our lives as Canadians.

[*Translation*]

Hon. Gérald J. Comeau: Honourable senators, it is with deep regret that I learned today of the passing of our former colleague, a great Acadian, Senator Michel Fournier. Our colleague, who retired from the Senate on September 29, 1980, gave more than 45 years of his life to his fellow countrymen. His very active career in the public domain started in 1935, in New Brunswick, as a town councilman; he was successively settlement inspector, member of the Legislative Assembly and Minister for Trade and Development from 1960 to 1963. He was later at the helm of the New Brunswick Work Compensation Board for 5 years.

[Senator Frith.]

On December 9, 1971, our assembly had the honour to admit this new senator in our midst and to be able to draw upon the wealth of experience of this devoted and energetic parliamentarian. He fulfilled his mandate as advocate for his region in this honourable institution to the fullest.

The honorable Michel Fournier was a nice, sincere and loyal man who knew how to earn and keep the trust of his peers.

We grieve the loss of a great Acadian. On behalf of my colleagues, I wish to offer my sincere condolences to his family and to his friends.

Hon. L. Norbert Thériault: Honourable senators, I would like to join previous speakers in paying tribute to my friend, Michel Fournier. To me, Michel Fournier was more than a great Acadian. He was a great Canadian. He was a quiet man who nevertheless worked with great dedication.

To me he was more than a former senator, more than a former colleague in the legislature and in the cabinet of my boss, Louis Robichaud. He was the father of sons and daughters who are today friends of my family.

If Michel Fournier had been alive last Friday, he would have been very proud to see that the New Brunswick legislature passed a resolution which, I hope, will be submitted to the Senate before the Christmas recess. This resolution will recognize the equality of both language communities of New Brunswick. Michel Fournier worked towards that goal all his life, and that is why I pay tribute to him today.

Hon. Eymard G. Corbin: Honourable senators, if my colleague has no objection, I would also like to express my sincere condolences to the family of the late Senator Michel Fournier.

I had the pleasure of meeting him on Parliament Hill when I was a member of the House of Commons and he was a senator. I had known members of his family when I was a public servant in Fredericton. This was in the Department of Youth, at the very beginning.

What was said just now about Senator Fournier is quite true. He was serious but gentle, unobtrusive but always there where he was needed.

I accompanied him on a trip through his riding when they were developing the mines in northern New Brunswick. He was proud and delighted about what was happening. Not many people here are familiar with the economic situation of the Acadians in that part of New Brunswick. It is thanks to men like Michel Fournier and of course Louis Robichaud that prosperity came to this area. Michel Fournier certainly had a lot to do with it!

Again, I offer my sincere condolences to his family.

SENATORS' STATEMENTS

[*English*]

GREEK-YUGOSLAV CONFLICT IN TORONTO

Hon. Philippe Deane Gigantès: Honourable senators, last weekend in Toronto there were unfortunate clashes involving people who consider their ethnic roots to be in the southern part of Yugoslavia and Canadians of Greek descent. The reason for the clash, to people who do not know the situation, would appear puerile.

The people from southern Yugoslavia, the new republic that calls itself Macedonia, tried to hoist their new flag on a Greek church, and the Greeks tried to stop them. The situation degenerated to the point where blows were struck.

Senator Haidasz was here the last time I spoke about Macedonia. He asked why it is that the Greeks do not accept the use of the name Macedonia by this new republic, even though it is a Greek name. What's in a name?

If that was all there was to it, there would not be this continuing feud which, unfortunately, has come over here from over there. During the Second World War and in the six years that followed, there was considerable bloodshed involving fighting over the territory of northern Greece, between the Greeks and the people who call themselves Macedonian in Yugoslavia, and who are Bulgar speakers.

The Greeks in Toronto who are descended from what is called Macedonia in Greece see these Bulgar-speaking of southern Yugoslavia as their conquerors and oppressors in World War II. It is a difficult situation. I am terribly sorry it has happened. It is the sort of situation that has often made me say in the Senate that I deplore some aspects of multiculturalism; that I wish everyone would leave their old feuds back home when they come here. It is a very delicate situation, and it would be deplorable if we Canadians took an attitude that could in any way be interpreted as backing the extra-territorial claims of the so-called Republic of Macedonia over Greece's objections.

The Greeks of Toronto object because the Macedonians have put on their flags, as a symbol, the star of Philip of Macedon, a Greek king. On their new coinage they have put the White Tower which is in Salonika, a Greek city. The Greeks see this as a continuation of the claims by the Bulgar-speaking people to take part of the territory of Greece. It would be unfortunate if we encouraged any tendency to extra-territorial claims in the Balkans. They have trouble enough within their own frontiers. I seriously hope that the Canadian government will not aggravate the situation in any way by taking sides.

● (2020)

GENERAL ELECTION

NUMBER OF DAYS REMAINING IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, this government has forced Canadians to endure for 16 days now, according to the words of Senator Murray, "political cowardice" and "contempt" for the democratic process because of their failure to hold a general election by November 21, 1992.

On Thursday last, I disclosed that Senator Murray, in his now famous speech of February 21, 1984 when he first used the words "political cowardice" and "contempt" to describe any government that extended its stay beyond four years, not only provided us with his measure of a government which insists on extending its term beyond the four years, but also had some interesting thoughts on the economy. In 1984, he claimed that the economy was in a "dismal state" and "in a prolonged period of underachievement; underachievement by our own historical standards and underachievement by current international standards."

On Thursday, I remarked that Senator Murray's words were misplaced in 1984, but timely today, and I promised then to explain why.

In the Department of Finance publication, *Economic Reference Tables, August 1992*, we find, at page 138, some very interesting statistics. In 1984, while Senator Murray was saying that the economy was in a dismal state and underachieving by international standards, Canada had growth in real GDP of 6.3 per cent, the highest of all G-7 nations. That was the dismal state of underachievement. Last year, growth in GDP was not 6.3 per cent; it was minus 1.5 per cent, the second worst of the G-7 countries. In 1990, we were the absolute worst at 0.5 per cent.

In 1984, when Senator Murray claimed we were underachieving, our employment growth was 2.4 per cent, the second best of the G-7 countries. In 1991, employment growth was minus 1.8 per cent — the second worst.

In 1984, productivity growth was 3.8 per cent, the best in the G-7 from this nation of what Senator Murray wanted to call underachievers. In 1991, productivity growth was 0.7 per cent, third worst in the G-7, and the year before, in 1990, it was the absolute worst at minus 0.2 per cent.

That is the difference between an underachieving Liberal economy in 1984 and an overachieving Conservative economy in 1991. The difference is the difference between first then and last now. By Senator Murray's international standards, the Conservatives, who were left a booming economy in 1984, are now leaving behind them a bust economy.

In order to assist any senator who wishes to make an intervention on those figures I have already quoted, I would be glad to give them an opportunity to examine the figures, and

therefore I ask that the material from which I have quoted, namely page 138 of the *Economic Reference Tables*, August 1992, be made a part of the record.

(*For text of document see the Debates of the Senate of this day, p. 2343*)

SENATOR ROBERT MUIR

BEST WISHES ON RECOVERY

Hon. Lowell Murray (Leader of the Government): Honourable senators, the other day I had the pleasure of welcoming back to our midst Senator John M. Macdonald of Cape Breton. Tonight I want to note, with considerable pleasure, that the Cape Breton contingent is back at full strength with the return of Senator Robert Muir. I want to state on behalf of all of us how very pleased we are to see him back and in such obviously good form.

Hon. Senators: Hear, hear!

Hon. Robert Muir: Honourable senators, I should like at this time to express to all on both sides of this chamber my grateful thanks for their kindness during the time that I was ill. I received cards, letters and visits from all of you from all corners of this chamber, especially from those who are members of the "zipper club", before I ever knew what that was all about. I do not recommend to anyone that they get into this club. After you get into it you do not pay much, other than by not eating very much of anything you like.

On both sides of this chamber I see men who have gone through open-heart surgery. I felt bad for them at the time. I sent them notes and all that sort of thing. I really felt terrible that they had anything wrong with them.

Senators MacEachen and Murray know I have been in the coal mines. I went through a methane gas explosion. I had my spine fractured in four places on one occasion, and seven ribs broken on another. Some 12 years later I became paralysed, ended up in the Montreal neurological institute, and had a nine-inch fusion of my spine.

But that was all play compared to open heart surgery. I felt badly for Senator Phillips when he had open heart surgery, as I did for other senators who had to undergo the same procedure. I am most grateful to all of you and to the Honourable Senator Keon and his team. In Canada we are most fortunate to have teams of men and women such as those with whom Senator Keon works. However, I am sure none of you ever wants to join the "zipper club".

ROUTINE PROCEEDINGS

COMMITTEE OF SELECTION

SEVENTH REPORT PRESENTED

Hon. William M. Kelly, Acting Chairman of the Committee of Selection, presented the following report:

[Senator Frith.]

MONDAY, December 7, 1992

The Committee of Selection has the honour to present its

SEVENTH REPORT

Pursuant to Rule 86(1)(*a*) of the Rules of the Senate, your Committee nominates the Honourable Senator Ottenheimer as Speaker *pro tempore.*

Respectfully submitted,

WILLIAM M. KELLY,
Acting Chairman

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

On motion of Senator Kelly, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

● (2030)

APPROPRIATION BILL NO. 3, 1992-93

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-100, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993.

Bill read first time.

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

On motion of Senator Lynch-Staunton, with leave of the Senate and notwithstanding rule 58(1)(f), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 500 citizens of British Columbia who oppose the Goods and Services Tax.

These petitions come mainly from Coquitlam, Burnaby, Port Moody, New Westminster and Vancouver.

Honourable senators, I have also the honour to present petitions signed by 138 citizens of New Brunswick who oppose the Goods and Services Tax.

These petitions come mainly from Golden Grove, St. John, Black's Harbour, Pennfield, St. George, Lorneville and Lepreau.

These petitions were signed in October 1992, less than two months ago.

A total of 638 Canadian citizens are not letting up and will not let up until the government that has subjected them to the GST is gone.

QUESTION PERIOD

[*English*]

HEALTH AND WELFARE

STATEMENT OF MINISTER ON CURTAILMENT OF SOCIAL PROGRAMS—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, there is a growing body of evidence of uneasiness among Canadians with respect to one of their most treasured and cherished, if not the most cherished and treasured, social programs: Medicare. Concern has also been expressed that this government means to start dismantling medicare as it has many other longstanding and cherished social programs.

I would invite the Leader of the Government to comment on some recent cause for uneasiness resulting from a statement made by the Minister of Health, Benoit Bouchard, who was reported as saying:

> Future social programs in Canada should be directly linked to the economy's ability to support them.
>
> And this could affect medicare, unemployment insurance and job training as well as social assistance programs such as child benefits and old age pensions.

The article goes on to state:

> "The economy and social policy are two sides of the same coin," Mr. Bouchard said in an interview.

Would the Leader of the Government take this opportunity to assure Canadians whether or not it is a part of this government's program to deprive Canadians of the protection of medicare?

Hon. Lowell Murray (Leader of the Government): Yes, honourable senators.

Senator Olson: And pensions?

Senator Frith: He would like to take the opportunity to comment, but it is not now that he intends to do so.

Senator Murray: I merely wish to give due thought.

Senator Frith: Let the record note that he passed, demurred.

Senator Murray: I beg your pardon? The honourable senator asked me whether I would like to take the opportunity to provide a certain assurance in that regard, and I said "Yes".

Senator Frith: When?

Senator Murray: I have just done it.

Senator Frith: Very sneaky. I am not reassured; I doubt that many Canadians are.

PHARMACEUTICAL INDUSTRY

CONTRIBUTIONS BY PHARMACEUTICAL MANUFACTURERS' ASSOCIATION OF CANADA TO CONSERVATIVE FUNDRAISING CAMPAIGN—GOVERNMENT POSITION

Hon. L. Norbert Thériault: Since the subject of medicare and the concern of the Canadian people has been raised, could Senator Murray, not only as the Leader of the Government in the Senate but also as an active organizer of the Conservative party and a so-called policy man and right-wing Conservative, inform the Canadian people, through the Senate, how many tables were purchased by the PMAC at the recent fundraising events for the Conservative Party that have taken place throughout the country in such cities as Montreal, Toronto, Vancouver, but especially in Winnipeg?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the donors to the political parties in this country and the amounts that they give are, if I am not mistaken, a matter of public record, and my honourable friend can examine that record when it becomes available in due course.

In any case, the honourable senator knows perfectly well that those matters do not form part of my ministerial responsibility, and it is not appropriate to ask questions on matters of that kind in this place.

Senator Thériault: Honourable senators, I am sorry the Leader of the Government in the Senate is troubled by my question, but the fact of the matter is that Canadians across this country know that he forms an integral part of the planning in the Conservative Party. Part of his job is knowing the answer to my question.

Two years down the road the Canadian people will be able to read how many millions of dollars PMAC has provided to the Conservative Party, but it would be important for the Canadian people to know before the next election how many millions of dollars this organization has contributed by purchasing hundreds of $500-tickets for their rich, Tory friends to attend fundraising dinners in Montreal, Toronto and Vancouver, but especially in Winnipeg.

• (2040)

Senator Murray: Honourable senators, the answer to that question is the same as the answer to the first question.

Senator Thériault: No answer.

Senator Murray: This is not a matter on which it is appropriate to ask questions of a minister in the Senate.

I understand the frustration of the honourable senator, whose party is $6.7 million in debt and cannot get out of it, but that is a function of their own fiscal incompetence.

Senator Thériault: Honourable senators, I am quite happy that my party is $6 million in debt. I would rather my party be $6 million in debt than $15 million richer from Tory friends who will cost the Canadian people $7 billion over the next ten years.

COMPARISON COST OF DRUGS IN UNITED STATES AND CANADA—EFFECT ON MEDICARE

Hon. Philippe Deane Gigantès: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate. It also concerns Bill C-91.

There is a drug called Valium. Generic drug companies in Canada sell 1,000 Valium pills for $6.50. In the United States 1,000 Valium pills sell for $650. It would take 48 years and four months at 10 per cent inflation for $6.50 to become $650. This difference in price is evidence that the drug companies—the big international drug companies which are represented by PMAC here in Canada -- indulge in price gouging. According to many experts, this price gouging will weaken and cripple our health insurance system.

Is the government prepared to damage the most valuable social program in Canada in order to help its rich friends?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the honourable senator may rest assured that if the generic companies are manufacturing the equivalent drug to Valium in this country, at whatever price, they will continue to do so after the passage of Bill C-91.

Further to that, the honourable senator knows that one of the provisions of this bill, which I trust will be here before too long for debate at second reading, is to provide further muscle to the prices review board set up under Bill C-22. These are matters that the honourable senator can raise in debate, in particular at the committee stage when, as I trust will happen, the bill receives second reading in this place.

I remind the honourable senator that he is anticipating debate on a bill which has not yet even passed the House of Commons.

REFUSAL TO PERMIT SENATE PRE-STUDY OF PROPOSED DRUG PATENT LEGISLATION

Hon. Philippe Deane Gigantès: Honourable senators, why is it all right for the side of the Leader of the Government in the Senate to anticipate debate by introducing a pre-study of Bill C-86, through the ridiculous charade of telling us, "We want you to improve it. Try to suggest improvements to that bill and we will accept them," and then throwing those suggestions out? It is perfectly all right to go through that charade and consider something before it is passed by the House of Commons, but it is not all right to consider before it is passed by the House of Commons something that is in the interests of the rich friends and contributors of senators opposite.

Hon. Lowell Murray (Leader of the Government): Honourable senators, we would have been very happy to have had a pre-study of Bill C-91 if the honourable senator had suggested it, or if other members of the opposition had shown any disposition to have one.

[Senator Thériault.]

Before the honourable senator rushes to judgment on the effectiveness of the pre-study conducted under our friend Senator Kinsella, perhaps he should wait to hear from the chairman of the committee, whom I am sure will take part in the debate on Bill C-86 before it is over.

AGRICULTURE

RESOLUTION OF DISPUTE ON EUROPEAN AND U.S. GRAIN SUBSIDIES—EFFECTS ON INTERNATIONAL GRAIN MARKET

Hon. H.A. Olson: Honourable senators, I should like to ask the Leader of the Government in the Senate to inform this house of the ramifications of the apparent agreement reached between the United States of America and the European Economic Community respecting vegetable oilseeds, as well as the apparent withdrawal of the proposed 200-per-cent tariff on French wines.

My interest in this matter has to do with whether or not we can find the magnitude or scope of this agreement, and if there are any ramifications for other agriculture subsidy disputes that have an important effect on Canadian producers, particularly because of the effects of that dispute in depressing the international grain market.

We know that up until a few days ago, there were protests in the streets of Strasbourg, as there were yesterday in Brussels. There are some severe disputes about this agreement.

Can the minister provide us with an explanation as to what agreement was reached and what the implications or ramifications of that agreement might be on the international grain market? The press reports I have seen, and I do not claim to have seen them all, do not provide that information, which is vital to some of our producers.

Hon. Lowell Murray (Leader of the Government): Honourable senators, my friend will have to bear with me on that subject. I do not seem to have the most recent information on it. I shall try to bring in something tomorrow.

Senator Olson: I appreciate that, honourable senators. I did not think the minister would have the information yet, since I am talking about some of the details and the ramifications of an agreement reached concerning the oilseeds matter, which was reached only last week.

• (2050)

JUSTICE

YOUNG OFFENDERS ACT—REQUEST FOR AMENDMENTS

Hon. Robert Muir: Honourable senators, I would direct my question to the Leader of the Government in the Senate. When this party took office, we were left with the legacy of the *Young Offenders Act* by the previous administration. It was our intention to improve many aspects of that legislation. We intended to do wonderful things with it, but all we did was powder-puff it a little bit. Occasionally, the Minister of Justice makes some comments on that legislation, and members of the opposition raise many questions about it, so I feel it is time to do something which will improve the existing legislation.

No doubt, the Leader of the Government in the Senate is aware of some of the incidents that have occurred on Cape Breton Island and throughout this country. As a strong and influential member of the cabinet, could he please tell us what will be done, if anything, or will we continue to talk about making amendments for an eternity?

Hon. Lowell Murray (Leader of the Government): Honourable senators, we did introduce some amendments to the act, which received Royal Assent last April. Having said that, the government recognizes that this is a very contentious subject on which emotions sometimes run high in response to events that take place.

I can only tell the honourable senator that both the Minister of Justice and the Solicitor General of Canada, who are concerned with these matters, do have the act and its application under continuing review, and in that respect we are also receiving representations from provincial Attorneys General.

If Ms Campbell or Mr. Lewis have anything more substantive to offer, I will ask them to let me have a report and I will bring it into the chamber within the next few days.

Senator Muir: The honourable leader talks about emotions running high. I do not feel that my emotions are running high. I am pretty fortunate since no one in my family—my son, my daughter or a relative—has been murdered. However, the emotions of those who have suffered in this manner are running high, and they do not think much of this government for not taking some action.

Will the Leader of the Government in the Senate assure us that, as a strong and influential member of the cabinet, he will pursue this matter and keep pressing until something is done to straighten it out, make it a firmer law, and correct the present problems?

Senator Murray: Honourable senators, this evening I can only offer to bring an early report on the matter which I hope will give some encouragement to my honourable friend and others who are properly interested in this subject.

ECONOMIC STATEMENT

LIMITATION ON NUMBERS OF CONTRACT EMPLOYEES IN PUBLIC SERVICE— GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the leader of the Government in the Senate. On Wednesday last, the Deputy Prime Minister and Minister of Finance made a major statement in the other place on the Canadian economy. It was a belt-tightening statement.

Could we have confirmation from the minister that included in that belt tightening will be a decision by the government not to take on any further contract employees? If we are asking civil servants to accept no further increases in salary, will the government agree that it should not take on any further contract employees?

Hon. Lowell Murray (Leader of the Government): Honourable senators, to begin with, my friend would have to give a more precise definition of "contract employee." If he is asking that we undertake not to engage people outside the public service to provide various professional and other services to the government from time to time, I think he will understand that we cannot give such a commitment.

Senator Molgat: A simple definition of what I mean by "contract employees" might be "government supporters." That would be a simple explanation.

Let me make it very clear: The government, having imposed a freeze on employment some time ago, has proceeded to hire people who are not regular civil servants but who are hired on contract. I would like an assurance that, if we are indeed to be belt tightening and if we are asking civil servants, in particular, to tighten their belts, the government will not go behind that procedure and simply hire other people on short-term contracts and add to costs?

Senator Murray: Honourable senators, there is the rub. My honourable friend speaks of "short-term contracts." Short-term contracts are resorted to by the government to fill short-term needs. The economy there, of course, is that when the job is done the contract is done, and the person involved goes about his or her business in the private sector and we do not have a permanent employee on the books.

Senator Molgat: If it is not such a major problem, would the minister agree to give us a list of all the contract people whom the government has hired since it imposed the previous freeze, in order that we might determine how serious the government is about limiting expenses and keeping growth in the civil service in line? If he can give us a list of the contract employees and how much they are paid, that would probably satisfy the curiosity of Canadians.

Senator Murray: Honourable senators, I will see what relevant information is available on that subject. There could be "contract employees", as the honourable senator calls them, who work five days a week, 12 months a year. I suppose that is possible, and in those cases there is very little difference at all between them and public servants, except they do not have the status of public servants.

In most cases, what the honourable senator is referring to are short-term contracts with people who are brought in to do jobs on a temporary basis. I will see what information is available.

I have heard the accusation levelled previously that we have somehow evaded our own hiring freezes by resorting massively to contractual employees. I do not believe that is the case, and I will seek to bring in some documentation to show that it is not the case.

CRITICISM IN AUDITOR GENERAL'S REPORT OF GOVERNMENT CONTRACT HIRING PRACTICES—GOVERNMENT POSITION

Hon. John B. Stewart: Honourable senators, I have a supplementary question for the Leader of the Government. Has Treasury Board conducted a study to ascertain the validity of the criticism made by the Auditor General that, in some

departments, certain persons took retirement only to show up very shortly thereafter as contract employees of the government? Has a study been made of this part of the Auditor General's report? If so, could the Leader of the Government in the Senate table a copy of any such report?

Hon. Lowell Murray (Leader of the Government): I will ask Mr. Loiselle about that, honourable senators.

• (2100)

HIRING OF CERTAIN CONTRACT EMPLOYEES DURING REFERENDUM CAMPAIGN

Hon. Philippe Deane Gigantès: On the same subject, honourable senators, as you know, I supported the referendum to the best of my ability. I am not suggesting that you should have hired me at all. I wrote as well as I could.

I am sure there are public servants working for ministers who could have provided the speeches, yet you hired people to help ministers with their speeches in the referendum campaign at what is reported to be something like $3 million. This particular group includes Bruce Anderson, Nancy Jamieson and Mr. Fox. Their help did not produce any more results than my help. My help cost you nothing; their help cost Canadian taxpayers a lot.

Why did you hire such people when, demonstrably after the fact, they were not able to give you much help?

I know Bruce Anderson. He couldn't write a good speech to save his life.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think my friend should get his facts right. Mr. Fox has not had any contractual relationship —

Senator Gigantès: His firm has.

Senator Murray: —with the Government of Canada, nor has his firm. Mr. Anderson has a polling firm which received public opinion research contracts from various departments of the Government of Canada, as have a good dozen other similar firms in this country. Ms Jamieson is not associated in any professional sense with either of the two people whose names the honourable senator mentioned.

Senator Gigantès: Were all these things that have appeared in the press, purporting to be facts discovered under the Freedom of Information Act, in your view, lies?

Senator Murray: No, honourable senators. On the contrary, I was quoted in at least one of those articles quite accurately. I simply suggest that the honourable senator ought to read the articles more carefully.

[*Translation*]

NEW-BRUNSWICK

ADOPTION OF CONSTITUTIONAL RESOLUTION ON PRINCIPLE OF LINGUISTIC DUALITY

Hon. L. Norbert Thériault: Honourable senators, I have a question of a non political nature to ask the Leader of the

[Senator Stewart.]

Government in the Senate. Can the Leader of the Government in the Senate tell this House whether the government of New Brunswick has presented to the government of Canada the resolution passed last Friday by the New Brunswick Legislative Assembly?

It is an historic event for the Legislative Assembly to have passed the resolution recognizing the equality of the two peoples of New Brunswick with the support of the Conservatives and the New Democrats. It had been in the works since the days of Louis Robichaud, got up steam under former Premier Hatfield, with Senator Simard and others. I am sorry that my friend Senator Simard is not among us tonight. Of course, coming from New Brunswick, I hope that this resolution shall be passed by the Parliament of Canada, that is to say by both the House of Commons and the Senate.

Does the Leader of the Government in the Senate know if this particular resolution was referred to his government?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, Friday afternoon, in the absence of my colleague Mr. Clark, I had the pleasure of meeting the Minister of Justice from New Brunswick, Mr. Blanchard, who informed me that the Legislative Assembly of New Brunswick had just approved a proposed constitutional resolution on the principle of linguistic duality in that province.

Naturally, I congratulated him heartily and undertook on behalf of the federal government to take all necessary steps to deal with this resolution in the Parliament of Canada.

Senator Thériault: Before the recess?

Senator Murray: I am not sure about that. I told him straight out that we were all set to proceed in the Senate but that, at the other place, the agenda was pretty heavy. All I can say for the time being is that Mr. Andre is in contact with the other parliamentary leaders and looking for a consensus.

[*English*]

The Hon. the Acting Speaker: Honourable senator, I am informed by the table that the 30 minutes allotted for Question period has expired.

[*Translation*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, that is why I rose. I wanted to ask the permission of the Senate.

Honourable senators, last Friday I have received a call from Mr. Chrétien advising me that he too had met with the Minister of Justice Blanchard and that he had assured him of his co-operation.

I would like to add the assurance of our co-operation on this particular issue to that given by Mr. Chrétien.

Hon. Eymard Corbin: Is the question period continued?

[*English*]

The Hon. the Acting Speaker: Honourable senator, I am informed that the 30 minutes has expired, and, therefore, unless I am ordered by the Senate to continue, I would call Delayed Answers. Is there unanimous consent to continue?

Hon. Senators: Agreed.

UNITED NATIONS

CANADIAN PARTICIPATION IN INTERVENTION FORCE TO SOMALIA — REQUEST FOR INFORMATION

Hon. Eymard G. Corbin: Because of an important matter which arose last Friday, Canadians will be part of an intervention force in Somalia. I do not know specifically what flag or authority they will be under.

Senator Murray: The United Nations.

Senator Corbin: With the United States spearheading, and probably initiating, the whole effort at the request or guidance of the Secretary General of the United Nations.

Does the minister have any precise facts and figures above and beyond what was said at the press conferences last Friday? Has the Minister of State for External Affairs sorted out the difference between peacemaking and intervention?

At one point in her press conference, she referred to this matter as some kind of peacemaking. This is not what peacemaking is all about. When we met a number of top officials at the United Nations three weeks ago, they told us peacemaking is entirely different from what will be happening.

Do Canadians involved in that exercise know precisely when they will be shipped out?

Hon. Lowell Murray (Leader of the Government): Honourable senators, there is peacemaking and there is peacekeeping. There is not much doubt that the exercise that the honourable senator refers to is an enforcement action, conducted for humanitarian reasons under the authority of the unanimous resolution of the United Nations Security Council. I expect, as the honourable senator has suggested, that this force would be under the command of an officer of the United States.

I can tell the honourable senator that a team of Canadian officers has been meeting with the United States planners over the past weekend. It is expected that the U.S. forces will arrive in Somalia this week and that the lead elements of the Canadian forces will deploy sometime around mid-December. I am told that equipment is currently being loaded in Montreal.

• (2110)

My information the other day was that up to 900 Canadian troops would be involved. As to the duration of the exercise, I do not think I can state with precision what is expected by our officers.

Senator Corbin: As a follow-up question: Is the Canadian government willing to participate in other interventions of this nature, in other areas of conflict at this time?

Senator Murray: Honourable senators, the question is hypothetical, and I cannot reply to it.

ECONOMIC STATEMENT

CRITICISM IN AUDITOR GENERAL'S REPORT OF GOVERNMENT CONTRACT HIRING PRACTICES—GOVERNMENT POSITION.

Hon. Philippe Deane Gigantès: Honourable senators, since Question Period is continuing on, I have a question concerning an answer that was given by the Honourable Leader of the Government. My question relates to a Canadian Press story dealing with information on a matter obtained under the *Access to Information Act.*

The press report says that a senior public servant who quit his job last December in his first eight months in the private sector received contracts worth $62,000 from his former department. This person had, of course, been given a golden handshake to quit, and then given more than his salary afterward.

I can show this clipping to the Leader of the Government. There are several other indications of that nature in the Auditor General's report. Can the Leader of the Government tell us what the government is doing to put a stop to such practices?

Hon. Lowell Murray (Leader of the Government): Honourable senators, in reply to the question put to me by Senator Stewart, I undertook to get in touch with Minister Loiselle on that matter and to bring in a report as soon as possible.

CYPRUS

CONSEQUENCES OF POSSIBLE WITHDRAWAL OF CANADIAN TROOPS — GOVERNMENT POSITION

Hon. Philippe Deane Gigantès: Honourable senators, touching upon what Senator Corbin has said, but in another field, I have a question. I do not normally make myself a spokesman for Greece. However, Greece, which is my country of origin, is now under extreme pressure because of the territorial claims of so-called Macedonians. It is also under threat from the Turks who have occupied more than 40 per cent of the territory of Cyprus, even though they represented only 16 per cent of the population.

For many years, Canadian troops have contributed to peacekeeping in Cyprus. There is great anxiety that if the Canadians go, there will be no restraint on the Turkish mainland troops who are in Cyprus, and that they may try to invade the rest of Cyprus.

Under such circumstances, does the Leader of the Government think it is legitimate to pull out Canadian troops from Cyprus. Is that the intention?

Hon. Lowell Murray (Leader of the Government): Honourable senators, we have been there for 28 years. While we do not intend to take any precipitous action —

An Hon. Senator: One more year would not make much difference.

Senator Murray: We will give appropriate notice. However, let there be no mistake about it, we want to withdraw our troops from that assignment.

Senator Gigantès: For 28 years, the Canadians have contributed to saving lives by preventing clashes that could have been murderous. They have acquired a wonderful reputation and are respected for the work they have done.

Is the Leader of the Government prepared to assure this house that Canada will not move its troops from Cyprus unless arrangements are made for other suitable nations—not as good at peacekeeping as we are, I know—to replace the Canadians and to maintain the stability of the situation?

Senator Murray: I appreciate the point the honourable senator has made. We have contributed, as the honourable senator said, to the preservation of an unstable equilibrium on that island for these many years. We do not want to take any action that will cause renewed hostilities there. However, I hope he would agree that we do not want to encourage a perpetual dependence on the presence of peacekeepers. Surely it is time for the Greeks and the Turks to come to some civilized arrangement and not have to depend on outsiders to keep the peace.

We want to get out of there. We will not pull out overnight. We will give due notice and, as always, we will only take action in consultation with our allies and the United Nations.

Senator Gigantès: This statement of the Turks and the Greeks reaching some civilized arrangement reminds me of a statement by Ambassador Warren Austin of the United States. In Rhodes in 1947, facing the Palestinian Arabs on one side and the Jews of Palestine on the other, in exasperation he blurted out, "Why can't you behave like Christian gentlemen?"

[*Translation*]

CHARLOTTETOWN ACCORD

POSSIBILITY OF ADMINISTRATIVE AGREEMENT WITH PROVINCES

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government in the Senate.

I would like to know exactly what is going on in the discussions with the provinces following the failure of the Charlottetown Accord.

I have here in front of me a statement made by Mr. Mulroney, which is published in *Le Devoir* of October 23, 1992.

It says:

[Senator Gigantès.]

> Should the No side win, the Mulroney government will not negotiate a new administrative agreement with Quebec or with the other provinces.

So, there will be no agreement. Mr. Mulroney is quoted as having said this:

> "The idea that we could say NO to the Charlottetown Accord and go back to the table to get more is foolish. It will not happen. This has no appeal whatsoever in English Canada."

So, one concludes that there will not be any agreement at all. Yet, very soon after the Charlottetown Accord, other articles in the newspapers told us that the province of Quebec was trying to seek new agreements. Among others, there was this headline in the *Canadian Press* —

[*English*]

. . ."Deal might be dead but Quebec demands for power live on". . .

[*Translation*]

The article says, among other things —

[*English*]

"That would include administration of federal unemployment insurance funds and involve the transfer from the federal government to Quebec of almost 6,000 bureaucrats . . .", et cetera.

[*Translation*]

So my question for the Leader of the Government in the Senate is this: Is the government ready or not to begin discussions with the provinces on administrative agreements? Mr. Mulroney was quoted on October 23 as having said "absolutely not". Neverthless, we have heard that some provinces want to talk with the government. Where do we stand?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, in both cases mentioned by the Hon. Senator Molgat, administration of unemployment insurance and labour force training, I think that the Minister of Employment and Immigration, Mr. Valcourt, has already made a statement on behalf of the government.

I would be pleased to obtain a copy and bring it to the attention of the Senate.

Senator Molgat: But given what Mr. Mulroney said in that quotation of October 23 where it was absolutely not, is it "no" or "yes" or "maybe" or does it depend on which province or what field?

What does a province like mine do? Can it come to talk with the government or must we rely on what Mr. Mulroney said on October 23, that it is "no"? What exactly is the situation?

Senator Murray: Honourable senators, it is not appropriate to attempt through administrative agreements what could not be done through a constitutional amendment.

Senator Molgat: Then the Leader of the Government in the Senate supports what Mr. Mulroney said: the answer is "no" and there will be no administrative agreements.

Senator Murray: Honourable senators, I ask my friend to read carefully what I just said on this subject.

I am talking about the very slim possibility of accomplishing through administrative agreements what could not be done through a constitutional amendment, namely a transfer of jurisdiction.

• (2120)

[*English*]

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have an answer to a question asked on December 2 by Senator MacEachen regarding the downing of the South Korean aircraft in 1983, and to a question asked on December 3 by Senator Fairbairn on proposed restrictions on UI benefits.

FOREIGN AFFAIRS

RELEASE OF INFORMATION BY RUSSIAN AUTHORITIES ON 1983 DOWNING OF SOUTH KOREAN AIRCRAFT

(Response to question raised by Hon. Allan J. MacEachen on December 2, 1992)

The Government is actively pursuing Canada's interest in the tragic destruction of KAL Flight 007. Our ambassador in Moscow met with the Russian Foreign Minister Kozyrev to receive a briefing and a set of the newly-released documentation.

This information confirmed Canada's stance at the time of the accident: KAL 007 was a regular civilian flight that strayed from its path and was shot down without any warning.

The Department of External Affairs immediately contacted family members of the Canadian victims, and has stayed in touch with them since.

Government lawyers are examining the new evidence to see how it could strengthen Canada's outstanding claims for compensation on behalf of the victims' families.

The Russian government has invited South Korea, the United-States, Japan and the International Civil Aviation Organization to a meeting on Wednesday, December 8 to discuss additional evidence from the plane's flight data recorder.

Our embassy in Moscow has been instructed to seek Canadian participation in this meeting.

ECONOMIC STATEMENT

PROPOSED RESTRICTIONS ON UI BENEFITS—GOVERNMENT POSITION

(Response to question raised by Hon. Joyce Fairbairn on December 3, 1992)

No Canadian who quits his or her job for just cause will be denied unemployment insurance. The term "just cause" is defined in the Unemployment Insurance Act to protect workers who have a legitimate reason to leave their employment.

No woman who leaves her job because of sexual harassment will be penalized. The personnel at the department of Employment and Immigration currently administer these rules with compassion in mind. The benefit of any doubt will be given to women in sexual harassment cases. The Minister of Employment and Immigration will ensure that their training remains up-to-date so that this will continue.

Furthermore, no one who quits his or her job to follow a spouse or care for a child will be penalized; no one who quits because of hazardous or intolerable working conditions, or discrimination will be affected.

The notion is whether the person quit with just cause. The key determination is always whether the person acted as a reasonable person would act in the circumstances.

However, if a person just decides to quit a job without a good reason then the government can see no reason that the rest of the people who pay for the Unemployment Insurance Program should be asked to pay for this person to receive benefits.

ORDERS OF THE DAY

IMMIGRATION ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Di Nino, seconded by the Honourable Senator Macdonald (Cape Breton) for the second reading of Bill C-86, An Act to amend the Immigration Act an other acts in consequence thereof.

Hon. Philippe Deane Gigantès: Honourable senators, this bill is a test case and we should view it in the context of where the Senate is at now and statements by some of the senators opposite about where the Senate should be going. They have given interviews that have appeared in the press saying that the Senate should better play its role of defending the regions. They have talked of regional caucuses. They have talked of escaping the rule of the House of Commons and of the party caucus and giving the Senate something worthy to do.

Well, let us do it. Let us do it with Bill C-86. It is a worthy test case. We were asked by the government to do a pre-study. The bill was sent to the committee presided over by Senator Kinsella. The pre-study was done and during the pre-study there were all kinds of encouraging noises coming from the Conservative side that we would be able to make suggestions for changes, and they would be accepted.

A report was produced that was accepted unanimously by this chamber. It went to the other side and important amendments to the legislation were rejected. Some were accepted. I will not go over the same text. My honourable friend, Senator Hébert, gave you the details of the bill.

Important things were left out. These things were not important only in my view, but for all of us. We accepted it unanimously. These proposals would have clearly improved the legislation. It would not have cost the government more money. It would not have done the country any harm. All it would have taken would have been for Mr. Harvie Andre and a couple of other people on the other side to show a little more humility, more openness and not crack the whip to make you, on the other side, look foolish for having trusted them and having done your work honestly and prepared the report that we backed unanimously.

Why do we not, on this bill, both sides together begin with this bill to transform the Senate to make it a truly effective part of the governments of Canada? I will develop how both sides can work together from now on if you want.

What would it take? It would first take a limitation of the powers of the Senate proposed by us, not by anyone else. We can unanimously propose that we will limit our power to block certain bills for only a certain amount of time. For example, for money bills it may be no more than a month, except for one money bill. On any money bill concerning the *Parliament of Canada Act,* there should be no limit to our blocking, because then the House of Commons would be able to strangle the Senate by simply cutting off funds. But we should undertake not to stop all other money bills for longer than a certain period. On other bills in general we could have a limit, or decide jointly that such bills should go to a conference of the two houses, whatever we want.

After saying to the House of Commons that we insist on our unanimous report and we are not going to accept the fact that you threw it out, we then make this proclamation limiting the powers of the Senate so that it will not prevail over the House of Commons.

Then let us take another step. Let us decide that there are some things we will do by double majority, a majority of your side and the majority of our side. The first step we should take on that would be to elect a new Speaker by double majority, a person for whom the majority on your side and the majority on our side can vote.

Let us take the next step, which would be to have each side appoint an expert and have those two experts choose a third person as their chairman and revise the rules of this house.

[Senator Gigantès.]

The three of them would bring us a unanimous report. They would revise the rules to make what I am proposing function properly.

Then we can say to the people of Canada that we have no control as to how senators are appointed. We really have no say in it, but we can function under these rules and give the sober second thought that this chamber could provide, use the talents of this chamber, and help toward the better governance of the country, not act as an extension of our national caucuses, not act, in your case, as the play thing of Harvie Andre and his local amanuensis, Lowell Murray.

This is the ideal situation because here, in Bill C-86, is a case in which both sides of the Senate voted unanimously for a report. It was a damn good report, yet they slapped us in the face with it. This is the time to say enough is enough. I am prepared to say enough is enough to my party. I am sure that a majority of the people on this side would go for the sort of thing I am proposing. I am sure that in their heart of hearts a majority of the people on your side would go for it too, and we would be able then to work as a chamber in which sober second thought would be the objective. We would, without partisanship, be able to declare that this legislation can be improved, here are the improvements, we agree on both sides, and if you people in the other chamber do not want it, we will give you the maximum blocking.

● (2130)

At the end of the day, we would hopefully prevail, but meanwhile, we would have given this chamber the chance to mobilize public opinion into studying the case, to mobilize the press, and to make the Senate more meaningful than it now is.

Why am I insisting that this is the time? Because we are rarely in unanimous agreement on something important, on something that touches the reputation of Canada, its past history and its future, and on something that has resonance to the very large numbers in this country who are neither of English nor French nor Aboriginal descent—the newer wave of immigrants—and there are many of us. There are many of us in this house too.

Why do we not do it? Why should we accept that the very good piece of work we produced is treated with contempt? Why should we accept that the sensible, compassionate, carefully worded provisions we put into the law are totally disregarded for reasons that are not even given to us? Why do we not use this occasion to show that the founding fathers of this nation were right when they said the country needed a chamber of sober second thought?

I will forego the pleasure of dumping on Senator Lowell Murray or teaching Greek history to Senator Lynch-Staunton for the opportunity of contributing to the welfare of the country.

We can do it, and this is the occasion to do it. This is the occasion because we were asked to do a job—to take a piece of legislation and improve it. I am sure Senator Kinsella and people on the other side consulted with people of their party in

the other house and were led astray like the rest of us. We were asked to make fools of ourselves. They need not have done it. It was not necessary. They could simply have said, "We will use the usual technique. Like it or lump it. We will ram it down your throats. We do not particularly care what you think." But no! This time they went a little further. This time they went to the extremes of total humiliation. They asked us to a job, and we did it very well. There was general agreement that the quality of this particular report was very high. Everybody backed it. But no! Harvie Andre says you can roll it up and put it in your ear.

I say this is enough. Let us stop it. Let us say that the Senate knows how to work as an independent chamber and how to play the sober second thought game. The way to do it is a by a proclamation of independence. The first shot should be the rejection of the version of the bill that has been sent to us and which has thrown out important improvements made by this chamber.

I have already referred to the steps. We elect a Speaker by double majority, someone acceptable to you and to us. We then appoint a committee. One expert is appointed by us, one by you, and the two experts choose a chairman to rewrite the rules in light of the role we want this house to play—not as a servant of the other place; not as the plaything of Harvie Andre or whoever will be in that position after the next election, but as a chamber in which good people, many of them with high qualifications and a good past, can have a good future as senators by showing that country comes first and party comes second.

Let us do it. Let us throw this out. Join us, those on the other side, and let us make the Senate what it was intended to be.

Some Hon. Senators: Hear, hear!

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): From Senator Murray's earlier statement I was under the impression that Senator Kinsella would be involved in this debate. Did I misunderstand?

Hon. Lowell Murray (Leader of the Government): Honourable senators, we are now at second reading. Committee stage and third reading are still to come, so I am sure we will be hearing from Senator Kinsella before the end of the debate.

Senator Thériault: We are dealing with the principle of the bill. We should hear from him now.

Senator Stewart: Out of the grave site he will speak.

Senator Molgat: All I can say is that I am deeply disappointed. Senator Kinsella was chairman of the committee that conducted an indepth prestudy of this bill. My honourable friends told us how important and necessary that prestudy was. Although we have had certain reservations on this side about prestudy, we were—well, I cannot say absolutely convinced, but let us say that the other side, with its majority, was able to determine that we would have a prestudy. That prestudy was conducted, with Senator Kinsella as chairman of the committee. I well recall how he said to us on the evening the motion to have the prestudy was passed that he would give it full time and full discussion; that anyone who wanted to be heard would be heard; and that we would get into the meat of this matter.

Senator Hébert: But he gave us 12 hours for public hearings.

Senator Molgat: It did not turn out that way in committee. Nevertheless, we were happy that the committee produced a unanimous report. I commend Senator Kinsella for that result, unhappy as we were that a number of people who wanted to appear were not given the opportunity to be heard.

Senator Frith: Senator Stewart is saying it is at the burial of the report that a graveside eulogy will be given.

Senator Molgat: The Senate should provide the opportunity to all Canadians to speak out on legislation. We are all aware of the present mood of the Canadian people. They have lost confidence in the whole of the government system. Canadians feel they have no say in what goes on in government. All you have to do is look at what happened in the referendum. There was an absolute rejection by the Canadian people of what governments were trying to encourage them to do.

The Senate has a particular opportunity to correct this state of affairs and to indicate to the Canadian people that, yes, there is a body in government that is prepared to listen. There is a body in government where the average Canadian can be heard. We are missing a golden opportunity when we cut off the hearings of our committees and force them to report quickly, as was done in this case.

Nevertheless, in spite of that, there was a unanimous report. I compliment Senator Kinsella and committee members for having achieved that. However, having done so, I am surprised Senator Kinsella will not now share with us his views on this bill. I was expecting, after Senator Murray's statement, that we would hear Senator Kinsella speak on the principle of the bill in second reading. That is the moment to put forth our general attitude towards this concept. However, if that is not to be, then we will have to wait for third reading.

Hon. Noel A. Kinsella: Honourable senators, it was my intention to wait until the committee had concluded its hearings and examination of the bill before us should the bill be referred to committee, although, at this juncture, I might say a few words as to the process.

● (2140)

It was my first experience with the pre-study. As all honourable members on both sides of the chamber have mentioned, it has been a widely-acclaimed study by many segments of the community. Part of what the Deputy Leader of the Opposition was referring to was the process and the hearings that our committee had under Bill C-86. In our pre-study, we followed a different procedure. All members of the committee were satisfied with the manner in which we did our study and were satisfied with the conclusion of the work, which resulted in the report.

It was gratifying to see the report cited so many times in the legislative committee of the other place as it drew on the points that we had underscored; areas of difficulty that we had indicated. In the views of some honourable senators, some of these difficulties continue to be present.

The report was obviously right on the money in so many areas because issues that we identified as being problem areas were the subject of a large number of amendments. I counted 12 or 13 amendments made at the legislative committee level in the other place.

Senator Frith: Made or proposed?

Senator Kinsella: No, made and passed. Approximately 70 amendments were made to the bill and at least 12 of those were issues that we addressed and they referred it back to us.

We drew the attention to 14 major issues because we were studying the subject matter. Of those 14 major issues, two of them found direct amendments in the bill, one of which was reinserting a major achievement of the Senate in dealing with Bill C-55 in the version of the bill we were looking at in pre-study that had been deleted. It found its way back in as a result of our work.

Senator Frith: What happened to the other 12?

Senator Kinsella: The other 12 received different kinds of treatment. I can go through them, but they were touched on by the five speakers that I listened to in this chamber. Obviously these would be some of the areas that I would expect colleagues would want to delve into as we go forward. That is why I would prefer to leave my substantive comments to our third-reading debate.

Senator Frith: They were rejected—just to complete your interjection.

Hon. Jacques Hébert: I wish to ask Senator Kinsella a question.

[*Translation*]

You said, senator, that there are 14 major points which were proposed or suggested by our committee, your committee, the committee of the entire Senate. Don't you think that it is pitiful for the government to accept only two of these major recommendations upon which we, from both sides of this chamber, had agreed? We cannot stand for this. Are you ready to accept such a thing?

[*English*]

Senator Kinsella: Honourable senators, I counted a little differently than the Honourable Senator Hébert. Each of the 14 major issue areas we raised were responded to in a variety of ways, two of which were major amendments to the bill. Other kinds of ideas and responses were brought to bear. We will no doubt want to look into those areas now that we have to address Bill C-86. My own judgment will attend our examination of the bill as we now have it.

[Senator Kinsella.]

Senator Hébert: In the committee that will sit in the coming days, do you think we will still be of the same opinion on the importance of some of these recommendations? Consequently, does the senator see any other way to be honest with ourselves than to propose to this chamber some clear amendments that are missing to make it a decent piece of legislation?

Senator Kinsella: Honourable senators, it is always much safer to be an historian than to be a prophet. I would rather not pre-judge what would take place in the committee hearings and what honourable senators will or will not propose.

I go into it with an open mind. We have identified some important issues and we have had a shot at two of them. No doubt we will want to delve into that further. One of the good things about the pre-study is that it has helped us to narrow the questions. We can focus our attention and delve into these. To that extent, the work that the committee will have before it will be assisted by the pre-study.

Senator Hébert: The senator mentioned, among other things, that there were 70 changes in the bill. They did not all come from our report; a lot of those were technical changes that occurred probably because the minister,in the eight months of workhe said he gave to this piece of legislation, did not have time to do a good job. Therefore, at the last minute they had to make 70 changes.

The result is that the bill in front of us, according to a lot of people that have written to me is a new bill. I have these letters for your information. It is not the same bill, not only because of the few worthwhile amendments that came from our report, but also because of these 75 or 80 important changes. As chairman of the committee you know witnesses will tell us it is not possible to be called on 24-hours notice to discuss such a huge, seriously-transformed bill.

Will you give us the assurance that these important witnesses, from the bar of this country or from NGO's, will have time to study the new bill properly before they are called before our committee?

Senator Kinsella: Honourable senators, I that, should the bill be referred to our committee shortly, when the our steering committee would get together to consider those matters.

Hon. L. Norbert Thériault: Honourable senators, I have been listening carefully to the questions and answers on this piece of legislation because I have great deal of faith in Senator Kinsella because of his background and concern.

● (2150)

As I listened to him I asked myself: Are you giving us a political snow job?

Senator Frith: Say it isn't so.

Senator Thériault: I want to emphasize the question asked by my colleague, Senator Hébert. When I came to this place some few years ago, we embarked on the pre-study of bills. I was never necessarily a great fan of such pre-studies. I know that my learned and knowledgeable colleague, Senator

MacEachen, agrees with me that pre-study is not a way to deal with legislation.

Senator MacEachen: It is an abomination.

Senator Thériault: However, this government, this party in power, has re-introduced pre-study. Although I do not usually get involved in detailed legislation —it has never been my forte —this piece caught my eye. I am, however, always concerned with the principles contained in any bill.

I put a lot of trust and faith in my colleague Senator Kinsella to do what was right as it relates to the principles of this bill. I am surprised at and disappointed in Senator Kinsella because he has skated around the questions put to him.

If his heart is not in that report, then the report is a waste of time. If his heart is in it, and I believe it is, and if his colleagues or his leader will allow him to proceed, or if he takes it on himself to do what is right, then this bill will take a long time to be processed. It will take weeks or months. There is no real rush to get this bill through.

I know a bit about being the leader of a government, since I happen to have been the leader in a smaller house. I know when the pressure is on. If there is a problem in every province of this country, it is that we have too much legislation. Governments have become obsessed with the passage of bills. They think the people judge their performance on the number of bills they pass in one session.

As a matter of fact, quite the opposite is true. New Brunswickers, Quebecers, Ontarians—Canadians—do not often realize the consequences of legislation until it is too late. That is why, when I came to this place, I felt I would be able to participate in a legislative body that would take the time to study legislation, even to delay it, to ensure that it would be better.

I was disappointed. Shortly after I came to this place I was on the government side. The government kept putting pressure on us by saying, "We have to have this bill by the end of the year; by the end of the month." Senator MacEachen was not the leader then, it was either Senator Olson or Senator Perrault.

I believed Senator Murray was from a new and different generation.

Some Hon. Senators: Oh, oh!

Senator Thériault: I know he means well.

Senator Molgat: What a disappointment he turns out to be.

Senator Thériault: He is obsessed with politics, and that obsession will destroy him and his government. As a matter of fact, it has destroyed them. I did not think Senator Kinsella had reached that state of mind.

Senator Molgat: You thought he was still pure.

Senator Lynch-Staunton: He is from New Brunswick.

Senator Thériault: All of us from New Brunswick are good people. We mean well. I would tell my colleague from New Brunswick, that his report is a good report, but what is the sense in producing a good report if it will not be followed through?

Tell us truthfully, do you want this bill to be passed before Christmas?

Senator Murray: I will answer that. Yes.

Senator Thériault: Since you have a majority, it would be a waste of time for us to proceed in committee for two or three days, or even three or four months, unless you are sincere and you believe in your report and that you can improve the bill.

Refugees from around the world are looking to us. We are the envy of the world. Let us keep it that way. Do not rush this piece of legislation through in the next two or three days.

Some Hon. Senators: Hear, hear!

Some Hon. Senators: Question.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, before the question is put, I should make a comment about pre-study which has come up in a couple of interventions.

We should remember that this is what we can expect from pre-study. Apparently, from what I hear, we had a shining example of everything good that could come from pre-study. What came from it? A lot of work: 14 recommendations, 12 of which were thrown into the dustbin. That is what we can expect. Why would we not expect that?

If we are prepared to become a sort of sub-committee of the House of Commons, something that is a sort of an adjunct to one of their legislative committees, then we should be prepared to hear: "Dear Senate: We, the House of Commons want you to study this for us. Let us have your views, before we send it to you, before we make our decision."

In innocence, apparently, Senator Kinsella launched this pre-study, and what do we get? We get what we should expect— something to which no self-respecting legislative body would expose itself.

Senator Murray: Do you think we invented it?

Senator Frith: We should un-invent it.

Senator Murray: You invented it.

Senator Frith: Yes, and it is a mistake. It was a mistake then and it is a mistake now. The same things happened then as are happening now. We took the same abject position, the same inferior position, which we ought not to have taken. We ought not to do it again. We ought to remember what is happening to us this time when we have supposedly done the best work that could be expected from pre-study and this is what we have got to show for it.

Let us have the question, honourable senators.

The Hon. the Speaker: It was moved by the Honourable Senator Lynch-Staunton, for the Honourable Senator Di Nino, seconded by the Honourable Senator Barootes, for the

Honourable Senator Macdonald (Cape Breton), that this bill be read a second time.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen:

Hon. William M. Kelly: I would ask that we have a 10-minute bell, with the vote to be taken at 10.05.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: Please call in the senators.

Motion agreed to on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins	Kelly
Balfour	Kinsella
Barootes	Lavoie-Roux
Beaudoin	Lynch-Staunton
Bolduc	Murray
Cochrane	Nurgitz
Comeau	Oliver
DeWare	Poitras
Doyle	Robertson
Forrestall	Rossiter
Grimard	Spivak
Kelleher	Twinn—24

NAYS

THE HONOURABLE SENATORS

Bosa	Hébert
Corbin	Kirby
De Bané	LeBlanc
Fairbairn	MacEachen
Frith	Molgat
Gigantès	Olson
Hastings	Petten
Hays	Stewart—16

[Senator Speaker.]

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

REFERRED TO COMMITTEE

The Hon. the Speaker: When shall this bill be read the third time?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move that this bill be referred to the Standing Senate Committee on Social Affairs, Science and Technology.

The Hon. the Speaker: It is moved by the Honourable Senator Lynch-Staunton, seconded by Senator Rossiter that this bill be referred to the Standing Senate Committee on Social Affairs, Science and Technology.

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

Hon. Senators: Agreed.

• (2210)

BILL TO DISSOLVE OR TERMINATE CERTAIN CORPORATIONS AND OTHER BODIES

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Beaudoin, for the second reading of Bill C-63, to dissolve or terminate certain corporations and other bodies.

Hon. Michael Kirby: Honourable senators, I rise to make a few remarks on second reading of Bill C-63, which is an act to dissolve or terminate certain corporations and other bodies. In so doing, I would like to comment on some of the specific bodies which are going to be eliminated by this act.

For senators who are not familiar with the background to this act, it has its roots in the budget of last February in which the government announced it would eliminate or consolidate a series of government agencies. Bill C-63 provides for termination of six different institutes or councils, specifically the Canada Employment and Immigration Advisory Council, the Canadian Institution for International Peace and Security, the International Centre for Ocean Development, the Science Council of Canada, the Law Reform Commission of Canada, and the Economic Council of Canada.

The reason why Bill C-63 only deals with the six agencies I described, rather than dealing with several other agencies the government proposed to eliminate in its budget, is that they can be eliminated without requiring substantial amendments to other existing legislation. The government has opted to proceed with these six by way of a small omnibus bill and then

proceed with the others when the other major pieces of legislation come forward.

In all of the press comments on the decision to eliminate these six agencies, the government essentially said there were two reasons why they were making these cutbacks, eliminating these government bodies. One reason was that each of these bodies had fulfilled its original mandate, therefore it was no longer necessary to keep them. The second reason was that most duties and functions carried out by the six boards and commissions are redundant. The government has said the duties can be performed by universities, independent and private sector researchers.

I will comment on just two of these institutions. It seems to me that one can understand the fallacy of the government's argument by focusing on one or two of these specific examples, rather than focusing on all six as a group. Let me begin by making some observations on the demise of the Economic Council of Canada,.

The Economic Council in fact goes back nearly 30 years. It began in April of 1963. During that time, it is fair to say the council has provided Canadians and governments of both parties with honest, objective, and independent advice.

Having been around in various positions in Ottawa at times when a Liberal government was in power, there is absolutely no doubt that the Economic Council has published reports which were troublesome in a political and a public relations sense, not only to the current government, but to governments over its history. That occurred because the Economic Council was established to provide honest, objective, non-partisan advice even on very sensitive questions.

An indication of that is that two of the issues which the Economic Council is currently studying, for which major reports are under way, have to do with the economics of health care and of education with a specific focus on post-secondary education. I think we will all agree they are two of the most controversial and yet crucially important public policy issues facing the country today, whether one talks about facing the federal government or facing provincial governments. In spite of the Economic Council dealing with these two issues, the government says the mandate of this organization is finished and fulfilled.

I ask you, what other institution in Canada is going to have the resources required to carry out the kind of complicated, expensive and in-depth research which the Economic Council has done over the years or is presently doing on health and education?

Honourable senators, I think the real reason why the Economic Council is being killed has to do with the fact that in the not-too-distant past it published a report on the economic implications to Canada, if Quebec were to separate. To put it very mildly, the results of that particular Economic Council report were extremely upsetting to the government since they contradicted many of the statements that government had made in various fear-driven campaigns since 1987. As a result of that report, the government decided it was not going to put up with this any longer; that it would simply kill the Economic Council.

The problem, of course, is that that is exactly the kind of study, or the studies on health and education, which the Economic Council ought to be doing because there is no other body in Canada capable of carrying out very scientific and professional research of that kind.

If the government says, as ministers have said in the other place, that you need not worry, the government will itself go ahead and do such studies, one is entitled to some doubt as to whether or not the government would do such studies. That is debatable. What is not debatable, obviously, is the fact that if the government did those studies, nobody would believe them. Even if the studies were funded or published by a government department through a minister, the impact and the potential value of the study would be lost because of its clear bias and lack of independence.

So much for the Economic Council.

Senator Frith: Or appearance.

Senator Kirby: Or appearance, exactly. The clear perception would be that this was not an independent and objective piece of research.

Senator Gigantès: Even if they funded it from the pharmaceutical multinationals?

Senator Kirby: They would only farm a drug study out to the multinationals. You are right. Of course that might be our friends' perception, Senator Gigantès, of what constitutes independence.

Let me just make a couple of commentsabout the Science Council. It is troubling to hear ministers and spokespersons for the government say publicly that any of the research which the Science Council has sponsored will now be undertaken largely by universities. That seems to fail to recognize what this government has done with respect to funding post-secondary education since it came to office.

It is an interesting observation that the government has, since 1984, transferred $3.3 billion less to post-secondary education than would have been transferred under EPF, the Established Programs Financing Act, had the government not proceeded to systematically cut back on their contributions by capping EPF payments.

• (2220)

To show what this has done to research in the scientific area within universities, let me point out that, in 1984, 36.2 per cent of total university R&D expenditures came from the federal government. By 1990, that number had fallen by more than 4 per cent to 32.9 per cent.

In the space of four or five years then, there has been a cutback of better than 10 per cent in the level of federal funding. This is excluding inflation. In absolute dollars, there has been a cutback of better than 10 per cent in federal funding to post-secondary educational institutions for R&D.

If you take inflation into account, in fact, the cut has been substantially greater than that.

In light of cuts such as those, it is hard for me to believe that universities will be able to pick up the slack caused by the loss of the Science Council of Canada.

This is occurring at a time when recent data published by the OECD show that Canada, among western industrialized nations, is second only to Italy in lowest R&D expenditures.

Prime Minister Mulroney, as part of his leadership campaign in 1983, published a book entitled *Where I Stand*. In that book, Brian Mulroney said:

> The importance of increased investment in research and development in designing an industrial strategy is overwhelmingly clear.

He goes on in that same part of his book to recommend increasing the amount of GNP allocated to R&D by 10 per cent in order to create one million new jobs and in order to create $20 billion in additional sales of manufactured products.

Yet, the reality is that, since this government came to power, the percentage of Gross Domestic Product spent on R&D has fallen from 1.44 per cent when the government was elected to 1.34 per cent for the last fiscal year. In reality, the government policy has led to a substantial decline in the amount of money spent on R&D even though, when he was running for office in 1983, Mr. Mulroney stressed in his own book, in his own words, the importance of having an industrial strategy which would add to expenditures on R&D because that would, in fact, create one million new jobs and $20 billion in additional sales of manufactured products.

Honourable senators, it is clearly false to argue that the quality work which has historically been done by the Science Council will now be carried out by universities because the government has cut back very significantly on the amount of post-secondary expenditures—$4.4 billion since this government took office.

It is also clearly false to argue that the research historically done by the Science Council will now be done by the private sector because, since this government has been in office, the percentage of Gross Domestic Product spent by the private sector on R&D has, in fact, been declining, not increasing.

When I look at those two illustrative examples out of the six organizations to be eliminated, and at the government's argument that the mandate of those organizations has either been fulfilled or will be picked up by other available parts of society, and when I see that the work of both the Economic Council and the Science Council will not be replaced, then the reality of the situation becomes clear.

The cutting of these institutions and commissions is not really because they fulfilled their mandate, not really because there are other organizations prepared to pick up the slack, these institutions are being cut because they have, from time to time, criticized the government. They have had the nerve to give non-partisan advice and commentary which has received considerable press coverage across the country. This is one more attempt on the part of this government to silence its critics by taking away money and depriving them of the forum which they and all Canadians need in order to understand the real impact of government policies.

The loss of the two commissions which I have described, along with the Law Reform Commission, will create a significant void in Canadian society—a void which I hope can be restored following the next election.

Hon. Allan J. MacEachen: Honourable senators, I want to make a comment or two about this particular bill. It is a matter of regret that the bill provides for the dissolution of the Canadian Institute for International Peace and Security and the dissolution of the International Centre for Ocean Development.

No matter what is said in justification of this measure, it is clear that the country will suffer a loss in the dissolution of the Canadian Institute for International Peace and Security and in the transfer of the International Centre for Ocean Development, as an independent Crown corporation, from Halifax to be an integrated as part of the Canadian International Development Agency located in Ottawa.

Before I go on, I may say, honourable senators, that I have read the explanations given in the speech. They are related to the subject but they really do not provide very much basis for the dissolution of either institution.

It appears to me that the peace and security of the world is as greatly endangered today, in a different form, as it was in the days when the Institute of International Peace and Security was established. Mind you, the threat to peace and security has taken a different form. One could even argue that, in the present circumstances, the threat is an unstable threat when one looks to Eastern Europe. However, the argument made here is that the geo-political situation has so changed in the world that the Canadian Institute for International for Peace and Security is no longer justified.

It ought to be remarked that, in the intervening period, the ability of the Department of External Affairs itself to provide advice on geo-political matters has been seriously reduced because of very sharp reductions in manpower in the department and the retirement of senior officials who, at the peak of their career, are in the best position to give wise counsel.

I introduced the bill in Parliament that set up the institute. The terms of that bill were carefully negotiated with the opposition parties in the House of Commons. It was an all-party conclusion, even to the point that the Government of Canada at that time would not make an appointment of a director until it had the approval and consent of the official opposition and the new democratic parliament.

• (2230)

The number of directors of the institute was cleared with the opposition, as were its terms of reference. The number of international members in comparison with Canadian members

was also negotiated. The negotiations were conducted by the official opposition, by Mr. Nielsen, who later became the deputy Prime Minister, and by the late Pauline Jewett for the New Democratic Party. It was an all-party conclusion because all parties found value in the institute.

Honourable senators, have any of you looked at the last annual report of the institute and examined the range of publications which this institute has produced in its relatively short history? It is impressive. I regret that this is happening because it means that the substance of thinking in this field will be reduced by the removal of the institute. Maybe, as Senator Kirby has said, it will be replaced in the future.

The International Centre for Ocean Development was intended, by its location in Halifax, to take advantage of the Institute of Oceanography, which has a good representation in the field, and the expertise at Dalhousie University, which, in conjunction with the centre itself, would become a significant body in the field of ocean development, particularly assisting the underdeveloped countries. It was a very good, relevant concept, and its location was critical to its success.

Now the government is saying that is no longer justified and we turn it over to CIDA, operating on the banks of the Ottawa River. That body is now intended to carry out the functions of the International Centre of Ocean Development. It is a regrettable move.

I do not think any of us can fight this in a hysterical way. We cannot pound the table and say, "Please change your mind". It is a bad move and regrettable. That is all we can say.

They say that the Deputy Prime Minister went through the government directory prior to his budget and struck out various agencies as he came upon them. That may be apocryphal, but it would seem to me that it would represent the level of cerebration that went into these decisions. They are not justified, unless you were dissolving the country or had a long-term view that this country was not viable and therefore it would be unnecessary to maintain its intellectual capacity to deal with developing problems. That would be the justification for dissolving these institutes.

Honourable senators, as I heard the announcement and went through the bill I wondered why the Institute for Democratic Development escaped the pointed pencil of the Deputy Prime Minister.

Senator Murray: What is it?

Senator MacEachen: It is the institute that is located in Montreal headed by Mr. Broadbent, introduced into the Parliament of Canada when Mr. Clark was Secretary of State for External Affairs. As honourable senators will recall, it came to a committee of the Senate and I believe that both official opposition and government members felt that the bill was ill thoughtout.

The witnesses from External Affairs made a poor effort trying to justify the bill. It was a woolly affair. However, after some adjustments, removing some of the more flagrant deficiencies of the bill, we allowed it to pass.

If I were to rate any of these institutions; the Economic Council, the International Institute of Peace and Security and the International Centre for Ocean Development, I would rate them all higher in performance, because of their history, than this Institute for Democratic Development. I am not arguing that it be dissolved. I am asking what the argumentation was to retain this particular institute in Montreal.

My belief, honourable senators, is that if we believe in the future of the country, it is essential that we build up capacities in various fields of an intellectual character. I had the view that it was an anti-intellectual move, that it was a sign of some form of resentment that there was serious thought and serious analysis going on in the country, that this somehow was improper and we all ought to rely rather on tub thumping, sloganeering and prejudice in resolving our problems rather than careful thought, research and analysis. I hope I am not right, but that is a possible interpretation.

I do not like this bill. I am sure that there must be members on the other side who do not like it. Those of you who have watched the Institute of Peace and Security must agree that it has done a good job and that its publications are worth while.

On motion of Senator Hébert, debate adjourned.

[*Translation*]

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

CONSIDERATION OF REPORT—DEBATE CONTINUED

On the Order:

Resuming debate on the consideration of the Report of the Special Joint Committee on a Renewed Canada, dated 28 February, 1992 (Sessional Paper #343-416A).

Hon. Gérald A. Beaudoin: Honourable senators, I just wanted to take two or three minutes to close the debate on this committee report. On February 28, 1992, the Special Joint Committee on a Renewed Canada started its work.

• (2240)

[*English*]

The Hon. the Speaker: Honourable senators, do you realize that the intervention of Senator Beaudoin will close the debate?

Hon. Philippe Deane Gigantès: Honourable senators, I would like to adjourn the debate because I wish to speak on this matter.

Hon. Royce Frith (Leader of the Opposition): Is that right? I do not know that Senator Beaudoin's intervention would close the debate. I suppose it is a substantive motion. The three procedures that close debate are second reading, inquiries, and a substantive motion. This may be a substantive motion.

[*Translation*]

Senator Beaudoin: Honourable senators, since there has been no intervention for months on this motion, I think this would be the right time, especially after the October 26 referendum, unless Senator Gigantès cares to intervene, in which case I will of course wait until tomorrow or next week.

Senator Gigantès: Tomorrow.

The Hon. the Speaker: Does Senator Gigantès wish to speak to the motion?

Senator Gigantès: Yes.

The Hon. the Speaker: Senator Gigantès wishes to adjourn the debate.

On motion of Senator Gigantès, debate adjourned.

[*English*]

PRIVATE BILL

DAI AL-MUTLAQ—BILL TO INCORPORATE—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Atkins, seconded by the Honourable Senator Doyle, for the second reading of Bill S-13, to incorporate the *Dai al-Mutlaq* as a corporation sole in Canada.—(*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, this is a private bill. We will not be treating it as a matter for caucus solidarity or "whippery", whatever the word is.

This bill has become hotly controversial. Some senators have received strongly worded letters attacking the applicant's organization and activities. Senators Gigantès and Corbin have been outspoken in their opposition. My own view, not in any way binding them, is that the controversy should move from this chamber to the committee room where the conflicting views can be aired and where all sides can have as many days in court as it takes. I do not want to support or oppose this bill until there has been such an airing.

The principle of the bill is the rightness or wrongness of incorporating organizations as a corporation sole. I cannot say that I have any serious opposition to that particular principle. I may have opposition to this bill after I have heard the evidence in the committee and the committee's report.

I will not have anything more to say on this bill at second reading. I may have something to say on it at third reading after I have heard what the committee has to say and considered its evidence.

Hon. Philippe Deane Gigantès: Honourable senators, Senator Corbin and I wish to speak on this bill. I will not take up your time this evening because I believe everyone is tired. However, I want to tell you that there is a judicial inquiry in India specially set up to look into allegations of criminal conduct by the person who is asking to be accepted as a corporation sole. That committee is to report in six months. It seems to me to be prudent that we wait six months to hear whether or not he has been cleared in his own country before we decide to give him the imprimatur of a Senate vote.

Therefore, I am opposed to this bill going to committee. I am opposed to the principle of the bill altogether. It is wasting our time, and I will speak more extensively on this tomorrow, as will Senator Corbin.

Honourable senators, I do not want this bill to go to committee. I do not want this bill to be considered any longer. I am opposed to it on principle and in substance.

On motion of Senator Gigantès, debate adjourned.

FOREIGN AFFAIRS

REPORT OF COMMITTEE ADOPTED

> The Senate proceeded to consideration of the Ninth Report of the Standing Senate Committee on Foreign Affairs (extension of report date) presented in the Senate on 3rd December, 1992.—*Honourable Senator Stewart).*

Hon. John B. Stewart: Honourable senators, the ninth report of the Standing Senate Committee on Foreign Affairs simply asks for an extension of the time provided by the Senate for the committee to do its work.

The report appears in the journals at page 1529. It recites that the committee was authorized "to examine and report on negotiations for a North American free trade agreement among Canada, the United States and Mexico and any other related trade developments." We were to report no later than December 17, 1992.

In view of the course of negotiations and the fact that there is now an agreement, the committee is asking the Senate to extend its term of reference from December 17, 1992, to no later than March 31, 1993.

Honourable senators, I move that the report be now adopted.

Motion agreed to and report adopted.

THE CONSTITUTION

MISHANDING OF CONSTITUTION ISSUE—INQUIRY—DEBATE CONCLUDED

Hon. H. A. Olson rose pursuant to notice of Tuesday, September 22, 1992:

> That he will call the attention of the Senate to the mishandling of the constitutional issue by the Government of Canada.

METHOD OF PROMOTION OF REFERENDUM BY GOVERNMENT—INQUIRY—DEBATE CONCLUDED

Hon. H.A. Olson rose pursuant to notice of Thursday, September 24 1992:

That he will call the attention of the Senate to the biased method being used by the Government of Canada to promote the Referendum.

BALANCE OF REPRESENTATION IN ALBERTA AND BRITISH COLUMBIA — INQUIRY—DEBATE CONCLUDED

Hon. H. A. Olson rose pursuant to notice of Tuesday, September 29 1992:

That he will call the attention of the Senate to the fact that Alberta and B.C. are entitled to a better balance of representation in the revised Constitution than the "Charlottetown Accord" provides.

NEED FOR EXTENSION OF TIME FOR REFORM AGREEMENT—INQUIRY—DEBATE CONCLUDED

Hon. H. A. Olson rose pursuant to notice of Tuesday, September 29 1992:

That he will call the attention of the Senate to the fact that we need more time to get an agreement on constitutional reform.

He said: Honourable senators, I wish to deal with Inquiry Nos. 48, 50, 51 and 52 in my name, calling the attention of the Senate to certain views respecting the referendum that is now behind us. I wonder if I could have consent, if that is what is required, to put them all together and have a brief postscript on the issue. As far as I am concerned, they could then be considered debated.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Olson: As a postscript to these Inquiries, comments were made after the referendum respecting certain things that took place in Alberta and British Columbia. They were unfortunate comments that related to allegations or speculation as to why the referendum vote leaned so heavily toward the "no" side. I want to place on the record as a postscript that while I did a lot of campaigning for the "no" side, I was able to obtain some insight into the way people felt about this issue.

I see that Senator Murray has a quizzical expression on his face. Perhaps I should not have said that I campaigned for the "no" side. What I did was I explained the consequences of voting "yes" or "no". What bothered the people in those two provinces was the concept of reducing senators in the central provinces and replacing them with members in the House of Commons. That concept was never discussed prior to the meeting in Charlottetown. In all the discussions that took place across Canada, whether in the citizens' meetings or in the five or six constitutional conferences, that proposition was never discussed.

● (2250)

The fact that was amazing was that so many people in the two provinces saw through that. How it happened I am not sure, but some bartering must have gone on in the *in camera* meeting in Charlottetown or, to use another term, "horse-trading", to have come to that conclusion. That was an objectionable part of the package, probably the most objectionable part.

These inquiries call for more time to make as many amendments to the Constitution as were in the so-called Charlottetown Accord. If we have learned anything from trying to amend the Constitution it is that you should not put so many completely different aspects of the Constitution in the same package and then put it to the people, saying that they should vote either "Yes" for the whole package or "No" for the whole package because, while there may be several amendments that they may support in the whole package, if they find one highly objectionable, such as the one I have just described, they will obviously vote against it. That is the only way people can stop it from becoming an amendment to our Constitution. If we go through another exercise like this we should take more time and not try to amend as much of the Constitution in one swoop.

With those brief remarks, honourable senators, as far as I am concerned, those four Inquiries can be considered debated.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will not impose on the time and patience of the Senate for too long but, since this is the last opportunity we will have to discuss these matters, I should like to make two points in reply to those raised by the honourable senator.

First, with regard to the proposal in the Charlottetown agreement that the representation of Quebec, Ontario, British Columbia and Alberta be increased in the House of Commons, the details of that proposal were fleshed out not in Charlottetown but several weeks prior to that at a meeting held in Ottawa. The principle here was that provincial equality of representation in the Senate must be balanced by a return to something closer to representation by population in the House of Commons.

Senator Olson: But this was nowhere near it.

Senator Murray: That principle was not new to the debate; that principle had entered into the debate for as long as there had been a debate on a so-called 3-E Senate. Many people had responded to the demands a 3-E Senate by saying, "Yes, we might accept the principle of equality of representation in the Senate, but only if we move closer to real representation by population in the House of Commons."

Senator Olson: Approximately 90,000 to one in Alberta and 70,000 to one in the central provinces. That is not fair.

Senator Murray: Look at it, honourable senators; it is closer to representation-by-population than we have now in the House of Commons.

Second, the honourable senator said that there was too much in the package. When we tried in 1987 to negotiate a Quebec round to settle the outstanding problems of Quebec with the Constitution and to put off until succeeding negotiations other issues, we were told that the focus was altogether

too narrow. This led us in 1991 to pursue a so-called Canada Round in which aboriginal, constitutional rights, Senate reform, division of powers and numerous other subject were negotiated and an agreement concluded on that basis.

Having done that we were then told there was too much in the package. We have been told that tonight. We have also been told tonight we should not put one package like this to the people and ask them to vote "Yes" or "No". The fact of the matter is, honourable senators, that many of the participants and many of the provinces would accept one or other of the provisions that had agreement only on the understanding that it was part of a package. The government asked the Canadian people to make the decision which, at the end of the day, each of the first ministers had to make—that is, to respond to the question: Taken as a whole, is this package good for the country and can I accept it on behalf of the country?

Senator Olson: And you know what the people said about it.

Senator Murray: I know what the people said about it, but I am explaining the process and the principles that were involved. This country is now unable to amend its own Constitution. This is something we will have to conjure with in the months and years ahead. It was easier to do it when the Constitution was located in the Parliament of Westminster than it is today.

Hon. John Stewart: Honourable senators, I do not propose to repeat what I said here on September 15 this year when I spoke against the whole idea of the constitutional referendum and said that it was a risky undertaking for various reasons, but I want to say something about the first point on which Senator Murray focused.

Senator Murray mentioned a 3-E Senate. The truth of the matter is that the proposed Senate would not have been a genuine 3-E Senate. The main power the Senate would have had, as I see it, would have been the power to stop new tax arrangements with regard to natural resources. We know what was meant by natural resources. It was not forestry, it was oil and gas.

● (2300)

That was the real power of the Charlottetown Senate. If that power was to mean anything, the influence, the weight of Quebec and Ontario in the Senate had to be reduced. So, we got the equality element. Of course, the senators would have to be selected outside Ottawa. However, the real function of the proposed Senate, when we came right down to it, was to prevent the enactment of anything like the National Energy Program.

That was the agenda of the Premier of Alberta. Quite understandably, the premiers of Quebec and Ontario said, "Well, if you are going to have equality in the Senate, then we want something in return." So, there was this proposal for an immediate increase of 18 senators for each of those two provinces. The Premier of Quebec felt it desirable to say, "Well, we should have a guarantee of 25 per cent of the membership of the House of Commons, roughly what we had in the Senate prior to this reform."

The whole constitutional package focused on achieving the power of the proposed new Senate to stop new taxation on the oil and gas industries. Someone in my hearing has referred to this as the "Esso" constitution.

If the new Senate had a wide scope of genuine powers, then the application of strict representation by population would have been quite defensible. The key problem with the proposal was that outside the area of taxation, on natural resources and French language and culture, the new Senate was to be nothing but an expensive nuisance. In return for an expensive nuisance, Ontario and Quebec were to get additional members in the House of Commons; and, of course, Quebec was to get 25 per cent of the House of Commons in perpetuity.

It was simply not defensible on a political platform. If it had been a genuine Triple-E Senate, combined with true representation by population in the House of Commons, then it would have been defensible; but it was not. That was the problem with the institutional part of the proposal. I think Senator Olson is quite correct on that. I am a little bit surprised that Senator Murray had not detected this point because I know he is a great expert in these matters.

The Hon. the Speaker: Honourable senators, if no other senator wishes to speak, these inquiries are considered debated.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See page 2324*)

Reference Table 90
Recent OECD Economic Indicators
1982 - 1991
(per cent)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Growth in real GNP/GDP (1)										
United States	-2.2	3.9	6.2	3.2	2.9	3.1	3.9	2.5	1.0	-0.7
Japan	3.4	2.8	4.3	5.1	2.7	4.3	6.3	4.8	5.3	4.4
Germany	-1.2	1.8	3.1	2.1	2.2	1.4	3.5	3.9	4.7	3.2
France	2.6	0.7	1.3	1.9	2.5	2.2	4.5	4.1	2.3	1.2
United Kingdom	1.3	3.8	1.6	3.7	4.0	4.6	4.2	2.3	1.0	-2.1
Italy	0.2	1.0	2.7	2.6	2.9	3.1	4.1	2.9	2.2	1.4
Canada	-3.2	3.2	6.3	4.8	3.3	4.2	4.7	2.5	0.5	-1.5
Seven major countries	1.1	2.4	3.7	4.1	3.0	3.9	5.1	3.5	3.0	1.8
Employment growth										
United States	-0.9	1.3	4.1	2.0	2.3	2.6	2.3	2.0	0.5	-0.8
Japan	1.0	1.7	0.6	0.7	0.8	1.0	1.7	1.9	2.0	1.9
Germany	-0.6	-1.2	-0.6	0.4	2.0	1.2	0.7	1.3	2.6	2.1
France	-0.0	-0.3	-1.0	-0.3	0.2	0.2	0.8	1.2	1.2	0.1
United Kingdom	-1.9	-0.2	2.2	1.1	0.3	2.3	3.4	2.6	0.3	-3.6
Italy	-0.3	0.2	0.4	0.4	0.5	-0.1	1.1	0.1	1.4	1.3
Canada	-3.5	0.5	2.4	2.6	2.8	2.9	3.2	2.0	0.7	-1.8
Seven major countries	-0.6	1.2	3.2	1.7	1.9	2.2	2.1	2.0	0.8	-0.3
Unemployment rates (2)										
United States	9.7	9.6	7.5	7.2	7.0	6.2	5.5	5.3	5.5	6.7
Japan	2.3	2.7	2.7	2.6	2.8	2.9	2.5	2.3	2.1	2.2
Germany	5.0	6.6	7.1	7.2	6.4	6.2	6.2	5.6	5.1	4.6
France	8.2	8.4	9.8	10.2	10.4	10.5	10.0	9.4	8.9	9.4
United Kingdom	10.4	11.2	11.4	11.6	11.8	10.4	8.2	6.2	5.9	8.7
Italy	9.2	10.0	10.1	10.2	11.2	12.1	12.2	12.1	11.2	10.9
Canada	11.0	11.8	11.2	10.5	9.5	8.8	7.8	7.5	8.1	10.3
Seven major countries	7.9	8.2	7.3	7.1	7.0	6.6	6.0	5.6	5.5	6.4
Consumer price index growth										
United States	6.2	3.2	4.3	3.5	1.9	3.6	4.1	4.8	5.5	4.2
Japan	2.6	1.8	2.3	2.0	0.4	-0.2	0.5	2.3	3.1	3.3
Germany	5.2	3.2	2.4	2.2	-0.1	0.2	1.3	2.8	2.7	3.5
France	11.8	9.6	7.4	5.8	2.7	3.1	2.6	3.7	3.4	3.2
United Kingdom	8.6	4.5	5.0	6.0	3.4	4.2	4.9	7.8	9.5	5.8
Italy	16.5	14.7	10.8	9.2	5.8	4.8	5.0	6.3	6.5	6.3
Canada	10.8	5.9	4.3	4.0	4.2	4.3	4.0	5.0	4.8	5.6
Seven major countries	6.5	4.1	4.3	3.8	1.9	2.7	3.2	4.4	5.0	4.2
Growth of productivity										
United States	-1.7	2.2	2.5	1.3	0.4	0.8	2.2	0.5	0.5	0.3
Japan	2.4	1.1	3.7	4.4	1.8	3.3	4.5	2.7	3.6	2.6
Germany	-0.5	3.1	3.6	1.4	0.2	0.3	2.9	2.4	1.9	1.1
France	2.6	1.0	2.3	2.2	2.3	2.0	3.4	2.7	1.6	1.3
United Kingdom	3.5	3.7	-0.1	2.4	3.6	2.4	0.9	-0.3	0.6	1.7
Italy	0.6	0.9	2.6	2.2	2.0	3.2	3.0	3.0	0.5	-0.3
Canada	0.3	2.7	3.8	2.1	0.5	1.3	1.4	0.5	-0.2	0.7
Seven major countries	-0.1	2.1	2.7	2.1	1.1	1.6	2.7	1.3	1.2	1.0

(1) GNP numbers are reported for the United States, Japan and Germany, while GDP numbers are reported for France, the United Kingdom, Canada and Italy.
(2) Unemployment rates are on the basis of national definitions.
Note: Averages for the seven major countries are calculated by using weights based on the GNP/GDP respective shares in 1982.
Source: OECD, *Main Economic Indicators*, July 1992.

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THE SENATE

Tuesday, December 8, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS REMAINING IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, "the political cowardice" and "stubborn contempt for the democratic process" that motivates this government to cling to power has now gone on for 17 days past the date when this government ought to have called an election, according to Senator Murray's principles. I could say that I am sorry to have brought it up again and produced the allergic reaction that we have just witnessed, but I am not.

SENATORS' CHRISTMAS CARDS

PROPOSAL TO DONATE MONEY TO NEEDY FAMILIES

Hon. Philippe Deane Gigantès: Honourable senators, I wish to thank my colleagues for all the Christmas cards they have sent me and that they have sent to one another. I wish to humbly suggest that next year, instead of sending Christmas cards to one another, we take the money and give it to some poor family. I do that.

Senator Doody: The honourable senator probably noticed that I did not send him a Christmas card.

Senator Gigantès: I am delighted you did not, sir. I have told my secretary not to send such cards to me. However, she did bring me the picture of Senator Janis Johnson's son and said what a handsome lad he is, which indeed he is, but perhaps we might give some thought to my suggestion, and make needy people a little happier next Christmas, rather than send one another Christmas cards.

CITY OF WINNIPEG

TOURISM AWARD FOR ANNUAL FOLKLORAMA FESTIVAL

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I want to bring to the attention of the Senate a recognition that has been given to my home province and my adopted city of Winnipeg. The city of Winnipeg's annual festival, called Folklorama, has been judged as the number one tourist event in Canada. This was the decision of the American Bus Association which last year, by the way, gave the same award to the Gathering of the Clans in Nova Scotia. I know that my Nova Scotia friends are particularly pleased at that.

The Winnipeg festival is, indeed, a very important Canadian event. Winnipeg was the first of our multicultural cities. Folklorama is a collection of exhibits, entertainment and food kiosks organized by the various ethnic groups in Winnipeg. It has attracted a large number of tourists, but it is essentially a recognition and celebration of the fundamental multicultural structure of Canada. I am delighted that Winnipeg has been so recognized.

PHARMACEUTICAL INDUSTRY

CONSEQUENCES OF PROPOSED DRUG PATENT LEGISLATION IN RELATION TO THE NORTH AMERICAN FREE TRADE AGREEMENT

Hon. M. Lorne Bonnell: Honourable senators, I wish to bring to the attention of the Senate an article in the *Ottawa Citizen* of December 7, 1992. It deals with a very important issue. The article begins as follows:

> The federal drug bill, which will affect the millions who require prescription drugs, is a precedent: it's the first time that legislation will be passed in Canada, then locked in under free trade.
>
> It means that, in future, there will be measures that no Canadian government will be able to provide for its own citizens without violating the North American Free Trade Agreement (NAFTA) with the United States and Mexico.
>
> Essentially, that includes made-in-Canada drug legislation.
>
> The U.S. pharmaceutical industry, one of the richest and most powerful sectors in America, has been fighting for these very changes since Canada brought in its consumer-friendly drug legislation in 1969. Finally, in this round, they won virtually every demand they made of Trade Minister Michael Wilson in the free trade negotiations.

I want honourable senators to realize what a serious matter it will be if this proposed drug patent amendment bill passes, and further, what a serious matter it will be if the NAFTA agreement is signed as it is, and what serious consequences there might be for Canada and the consumers of this country from the NAFTA agreement, which will be signed sometime next year.

Canadians beware! Your drug costs are going up!

THE SENATE

MANDATE IN RELATION TO PRE-STUDY OF BILLS

Hon. William M. Kelly: Honourable senators, I wish to speak briefly on a matter that arose yesterday in the discussion on the question of pre-study. I have some views, and I should

like to place them on the record. I happen to strongly approve of pre-study, and I should like to explain why I do.

I want to refer to the original mandate given to all of us when we were summoned to this place. I quote from the scroll that I hope all of you have in your office. I certainly have it in mine. This is what we were asked to do.

> KNOW YOU, that as well for the especial trust and confidence We have manifested in you, as for the purpose of obtaining your advice and assistance in all weighty and arduous affairs which may the State and Defence of Canada concern, We have thought fit to summon you to the Senate of Canada . . .

Honourable senators, were asked to advise and assist, and that is what we are doing, I believe, during the process of pre-study.

Hon. Royce Frith (Leader of the Opposition): We are a legislature, not an advisory committee.

Senator Kelly: One of our problems is that we are confused as to how we view ourselves now, and how we viewed ourselves when we were appointed. In my opinion, we were not invited here to govern; we were invited to assist and advise those who were asked to govern, namely, the people in the other place.

Senator Stewart: Oh, you sound like Harvie Andre!

Senator Kelly: I do not deny that we are part of the Parliament of Canada, but I make the distinction between the government and the Parliament of Canada.

Senator Frith takes another approach to this whole thing. It is clear what his approach is, and I do not quarrel with him. I understand the adversarial system. Senator Frith has decided that if the government is a Conservative government, as it is today, then he is opposed to whatever they bring forward—not only the bills before us today, but also the bills the government may introduce in the future. That is the basis of the adversarial system, and it works in the courts of law. I do not quarrel with that approach, but it does not happen be mine. There is nothing wrong with us trying to advise and assist; that is quite legitimate, and pre-study does just that.

Consternation was expressed yesterday about the fact that a committee pre-studying a bill made 14 suggestions, only two of which appear to have been accepted. I believe the others were considered. No doubt we will hear about that when the bill is before the committee. I do not regard advice as a result of a pre-study to be direction. It is a suggestion; it is sober second thought. But all sober second thoughts do not have to be taken into account in a positive way; they merely need to be considered.

Senator Frith: Second thoughts?

Senator Kelly: I believe they are. If they were not even considered I would be concerned, but if they are considered, the job is well on its way to being done.

I dislike the idea of setting aside pre-study as though it makes us a sub-committee of the other place. I do not regard myself as a member of a sub-committee of the other place when I sit on a committee that is pre-studying a bill.

The Hon. the Speaker: Senator Kelly, according to the rules, your time is up. However, if there is unanimous consent, you may continue.

Hon. Senators: Agreed.

Hon. H. A. Olson: Give him some time!

Senator Kelly: Honourable senators, I have said what I wanted to say.

Senator Frith: Honourable senators, Senator Kelly is quite right. I have made my position quite clear, and I need not elaborate on it. However, I also want to make it clear that I certainly did not consider myself summoned to some advisory body or to some assisting body. I thought I was summoned to a legislative body as defined in the Constitution. An appointment to the Senate is a constitutional appointment. The role of the Senate is not described in the Constitution as advising and assisting; it is a part of the legislative process.

An Hon. Senator: That decision was made by the Fathers of Confederation.

Senator Frith: The reading of the Constitution that Senator Kelly has given is totally unsupported by its words.

The other point I want to make is: The difference between my position and his position has nothing to do with the adversary role of parties in this place. We may differ on that, too, but it has nothing to do with pre-study; it is based on the role of the Senate as a legislative body.

The question of the adversarial system is another question, and has nothing to do with the question of pre-study.

• (1410)

Senator Kelly: Honourable senators, am I entitled to one brief comment on that statement?

Senator Hastings: Please.

Senator Olson: Go ahead.

Senator Frith: Dig yourself in, by all means.

Senator Kelly: Honourable senators, I wish to apologize if I have misunderstood, but I heard Senator Frith say that the duty of the opposition is to oppose. That is what Senator Frith says, and that is what led me to believe his attitude was as I described it.

Senator Frith: That is another issue we can talk about. I know that you and I do not agree on it, but it has nothing to do with pre-study.

The Hon. the Speaker: Honourable senators, I would suggest that this matter might better be dealt with under an inquiry.

Senator Hébert: I don't think we need his suggestions.

Senator Gigantès: Where does it say that he can make suggestions?

Senator Hébert: The so-called Speaker does not have to say anything.

ROUTINE PROCEEDINGS

PRIVATE BILL

UNITED GRAIN GROWERS, LIMITED—BILL TO AMEND ACT OF INCORPORATION—REPORT OF COMMITTEE

Hon. H.A. Olson, Deputy Chairman of the Standing Senate Committee on Agriculture and Forestry, presented the following report:

Tuesday, December 8, 1992

The Standing Senate Committee on Agriculture and Forestry has the honour to present its

SIXTH REPORT

Your Committee, to which was referred Bill S-16, An Act to restructure United Grain Growers Limited, has, in obedience to the Order of Reference of Tuesday, December 1st, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

H.A. OLSON
Deputy Chairman

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

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

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, to conform to our new schedule, with leave of the Senate and not withstanding rule 59(1)(h), I move:

That when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, December 9, 1992 at one-thirty in the afternoon.

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

Hon. senators: Agreed.

Motion agreed to.

INTELLECTUAL PROPERTY LAW IMPROVEMENT BILL

FIRST READING

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have the pleasure to introduce for first reading Bill S-17 to amend the Copyright Act, the Industrial Design Act, the Integrated Circuit Topography Act, the Patent Act, the Trademarks Act and other acts in consequence thereof.

[Senator Gigantès.]

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading Thursday next, December 10, 1992.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

MOTION FOR COMMITTEE TO MEET DURING SITTING OF THE SENATE DENIED

Hon. Noel A. Kinsella: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(a), I move:

That the Standing Senate Committee on Social Affairs, Science and Technology have power to sit at four-thirty o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

The motion arises out of a meeting this morning of the steering committee of the Social Affairs committee. We wish to have the full committee adopt our work plan, and also use the opportunity to hear as a witness on Bill C-86 Mr. Chefeke, the United Nations High Commissioner for Refugees, who must return to Geneva and is only available to appear before the committee today.

[*Translation*]

Hon. Senator Jacques Hébert: Honourable senators, we cannot give our consent to this belated proposal. A meeting—also belated!—of the steering committee of the Standing Senate Committee on Social Affairs, Science and Technology has just been held this morning. The deal our caucus was presented with by Senator Bonnell who attended the meeting along with Senator Kinsella was to the effect that our committee would sit after the Senate would have adjourned for the day, not at four thirty. If the Senate adjourns by four thirty, fine! If it does by four, better yet! We will save half an hour.

In any case, we are certainly not going to adjourn early to rush this.

[*English*]

Senator Kinsella: Honourable senators, if leave is not granted, I will convene a meeting of the committee for the aforementioned purposes as soon as the Senate rises, if that occurs later than 4.30 p.m. However, I do hope that we will be able to extend the courtesy of this house to the High Commissioner. I also hope we will have the full collaboration of all honourable senators when dealing with this important bill. We can make an important contribution to the whole process concerning Bill C-86.

The Hon. The Speaker: I gather, honourable senators, that leave is not granted; is that correct?

Senator Molgat: It is not granted.

Senator Hébert: It is not granted.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 504 citizens of Alberta who oppose the goods and services tax.

These petitions come mainly from Edmonton, Spruce Grove, Calgary, Olds, Carseland, Sundre, Coalhurst, Coleman and Blairmore.

Honourable senators, I also have the honour to present petitions signed by 500 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Port Moody, Chase, Sorrento, Enderby, Salmon Arm, Kamloops, Quesnel, Mile House, Prince George, Williams Lake, Langley and Clearwater.

This makes a grand total of 1,004 petitions who continue to vigorously oppose the GST, an execrable, unfair tax that particularly affects low-income people, who will remember on election day.

● (1420)

[*English*]

CHILD POVERTY

PRESENTATION OF PETITION

Hon. Dan Hays: Honourable senators, I have the honour to present a petition signed by concerned Canadians calling upon this chamber to do everything possible to assist in eliminating child poverty in Canada by the year 2000.

CBC MINI-SERIES *THE VALOUR AND THE HORROR*

PRESENTATION OF PETITION

Hon. Jack Marshall: Honourable senators, I have the honour to table a petition signed by 460 veterans from across Canada, as well as the United States and the United Kingdom with regards the CBC mini-series of films, *The Valour and the Horror*. This is probably the last result of a project initiated by the Ottawa Branch of the Royal Canadian Air Force Prisoner of War Association.

To give a distinctive flavour, I will read one of the "whereas" clauses.

> WHEREAS it is considered that this series of films contains historical errors, faulty research, half truths, incomplete quotations, inaccuracies, damaging innuendoes and that the films, by the use of questionable film techniques, give a false and misleading authority to rumour and unpublished speculation,

I might point out that this opinion was upheld by the ombudsman of the Canadian Broadcasting Corporation.

QUESTION PERIOD

THE SENATE

DELAY IN PRODUCTION OF DEBATES

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I do not seem to have received my *Debates of the Senate* for yesterday. Is there a problem with the printing?

Hon. Royce Frith (Leader of the Opposition): It is difficult to participate in Question Period without the *Debates of the Senate* of the previous sitting.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I could not agree more with the protest that is voiced today, and has been voiced on previous occasions when *Hansard* and other important documents are late. I quite agree. Honourable senators need these documents in order to prepare for the day's work. I do, and I know that other honourable senators do, and we have raised this matter before.

I do not know whether there are alternatives to having those documents printed by the Queen's Printer, which is now responsible for the printing; if there are, we should certainly investigate them.

ECONOMIC STATEMENT

PROPOSED FREEZE ON PUBLIC SERVICE CONTRACTS—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I had wanted to read what the minister said yesterday in reply to my question regarding contracts and the announcement by Mr. Mazankowski that everything was frozen with respect to civil servants. I was questioning him on short-term contracts. I wanted to check exactly what he said. However, I will wait until the *Debates of the Senate* arrive before I do that.

I do have another question on the subject. Will the government also freeze, as of the day of the Economic Statement of Mr. Mazankowski, the amount of money allocated to contracts and also freeze the specific amounts that we agree to pay on contracts? For example, if there is a legal firm, there is normally a set rate. Will the government freeze that rate? The same applies to other types of contracts.

Hon. Lowell Murray (Leader of the Government): Honourable senators, we would love to, but I do not know how it can be done.

Senator Molgat: The government might give a directive to those people responsible for granting such contracts, to the effect that "There will be no contracts above whatever price you paid previously." That is simply an matter of direction.

Senator Murray: Honourable senators must know that engaging a legal firm, which is the example Senator Mogat gives, to represent you in an appeal to the Supreme Court of Canada is a different proposition than engaging a legal firm to supervise a construction contract, or some other matter. We are also aware that law firms and lawyers charge a certain tariff for their services, but —

Hon. Royce Frith (Leader of the Opposition): They had better not. Be careful with that word. It has ramifications under the competitions policy.

Senator Murray: Different firms and individual lawyers charge different tariffs for their services. I am not aware of how we could try sensibly to put a ceiling on the fees that we will pay for a particular service because a service that is rendered varies so greatly from one case to the next. The honourable senator also knows we have an upper hand if we feel we are being overcharged by any of these people. We have the right, again in the case of legal firms, to have the account taxed. We also have the right not to engage that firm or that lawyer again.

● (1430)

PROPOSAL TO HAVE REQUEST FOR CONTRACT PUT OUT FOR TENDER—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, when we were going over committee budgets in the Internal Economy Committee and various committee chairmen have come forward with some requirement for contract arrangements, I recall asking this question of Senator Poitras, in particular, because the rate for his researchers was higher than others. These were set rates. Lawyers were so much per day and that was it, it was a higher rate.

I want to be sure that if that was the set rate before the freeze, then it should be the set rate after the freeze.

Would the government consider putting such requests for contracts out to tender? Let us see what the private market will produce. The government has been in favour of letting the market decide. Why not put these contract requests out to tender? Let us see what happens.

Hon. Lowell Murray (Leader of the Government in the Senate): Again, in the case of legal services, I do not know how that can be conveniently or properly done. However, I will convey the suggestion to my colleagues the Minister of Finance and the President of the Treasury Board.

I think the Deputy leader of the Opposition is, perhaps, closer to the mark and closer to a solution when he speaks of the global amount that the government might be spending in a particular fiscal year in respect of, let us say, professional services and our ability to freeze them or to keep a lid on them. I think we can do that. I will investigate. I am not sure how all these expenses are categorized. I will investigate to see what the state of affairs is, and bring in a report when I have it ready.

[Senator Molgat.]

WAGE CLAIM PAYMENT ACT

BANKRUPTCY ACT

ESTABLISHMENT OF JOINT COMMITTEE TO CONSIDER WAGE CLAIMS ARISING FROM BANKRUPTCIES—GOVERNMENT POSITION

Hon. Michael Kirby: Honourable senators, my question is for the Leader of the Government in the Senate. It concerns an agreement which took place somewhat behind the scenes and somewhat in public earlier this year with respect to the passage of Bill C-22.

Some honourable senators may recall that Bill C-22, given Royal Assent on June 23 of this year, dealt with bankruptcies and insolvencies. When the bill was originally introduced in the other place, it was called the Wage Claim Payment Act and the Bankruptcy and Insolvency Act. One of the issues that arose when the bill was discussed in committee in the other place was how to ensure that employees who were owed wages in a bankrupt company might have first claim on the assets of the company.

Several propositions were put forward. In committee in the other place, the notion of what ultimately came to be called "super priority" for wage earners was proposed. Under that proposal, wages would receive priority ahead of other secured creditors, including the banks.

The banks rejected the proposal. Ultimately, after a series of attempts to deal with the issue, including looking at various taxing schemes and ways of making these charges through Unemployment Insurance, the government decided it would drop the wage protection portion from the bill and proceed with the insolvency and bankruptcy provisions.

The net result was that when the bill came to this place, there were discussions on both sides of the house as to whether or not the bill ought to proceed in the absence of wage claim coverage. Finally, it was agreed that we would pass the bill so that bankruptcies which occurred over the course of the summer could be dealt with.

In fact, the cooperation on both sides of this chamber was such that in his press release of June 23, Minister Blais, the Minister of Consumer and Corporate Affairs, said:

> We sought advice and input from all political parties and we were able to work with the House of Commons and the Senate to ensure that the bill would receive speedy passage.

All parties recognized that bankruptcy reform would help save companies and jobs.

The minister then went on to say, and I am now quoting directly from the minister's press release of June 23:

> . . . in this spirit of co-operation the Minister intends to propose to the House of Commons when it resumes in the fall that a Special Joint Committee of the House of

Commons and Senate be established to look at the important issue of unpaid wage claims, which would report to the House of Commons by Summer 1993.

I repeat that the minister announced that, in return for cooperation in passing the bankruptcy bill last June, this joint committee would be established, in the minister's words, when the House of Commons resumed sitting in the fall.

I believe the Leader of the Government in the Senate will recall that there were negotiations between his side and our side in both chambers with respect to the exact make-up of such a committee, how many would represent each party, and how many MPs and senators there would be on the committee.

My question to the Leader of the Government is this: Since we are now almost at the end of the fall, and since the minister has not yet announced the creation of this joint committee, will he be announcing it prior to the other place rising at the end of this week? If not, when can we expect the government to live up to agreements we made on the understanding that their part of the bargain would be honoured?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the honourable senator does well to refresh our memory on this matter. I will take up the matter with Mr. Blais right away and try to bring back a satisfactory response within a day or so.

Senator Kirby: Honourable senators, an additional point that needs to be made is one which is of some concern to members on this side of the chamber. The discussions which took place concerning this particular bill obviously were conducted in good faith on our part. It troubles me that an element of the issue with which we were deeply concerned, and which was the part we thought would be taken care of by the joint committee in return for agreeing to speedy passage of the bill, has not been honoured. I hope the Leader of the Government will point out to the minister that cooperation in chambers requires that both sides live up to their part of the agreement.

Senator Murray: Honourable senators, I am absolutely confident that Mr. Blais would have acted in good faith. He does have other responsibilities, as the honourable senator is aware. The agenda of the House of Commons is quite full these days. However, I accept the recitation of the facts that the honourable senator has given. I am sorry that I had not taken the matter up with my cabinet colleague earlier. However, with my memory refreshed, I shall do so right away.

AGRICULTURE

GENERAL AGREEMENT ON TARIFFS AND TRADE—STATUS OF NEGOTIATIONS CONCERNING POSITION OF CANADA ON ARTICLE XI—REQUEST FOR UPDATE

Hon. Dan Hays: Honourable senators, I should like to ask the Leader of the Government in the Senate for an update on the status of the negotiation concerning the General Agreement on Tariffs and Trade. In particular, is the Government of Canada prepared to broaden the negotiations in the sense of inquiring of countries in Europe that are unhappy with the proposal if they are interested in supporting the Canadian position on Article XI, something which they have not heretofore done, in consideration for some support from Canada for their position?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not think there is much that I can add to the reports I have given to the house earlier on this matter. We continue to hope that re-engaging the multilateral trade negotiations on the basis of the agreement reached, notably on agriculture, between the United States and the European Community, will prove to be successful.

I am not clear on what aspect of the question concerned Canada, but if the honourable senator will repeat it, I will either attempt to answer it now or obtain a report from my cabinet colleague, Mr. Wilson.

Senator Hays: I was asking Senator Murray whether the Government of Canada has any willingness to move on issues now being brought into play as a result of the unhappiness of the Europeans with respect to the negotiations. Will the government move to support the European positions to some degree in consideration of their support of the Canadian position on Article XI? Reports indicate that we have not had a great deal of success heretofore in gaining that support.

Senator Murray: Honourable senators, I really do not see the connection there. Opposition to Article XI is as it has been. We are seeking a strengthening and clarification of that article as a result of the current round of multilateral trade negotiations.

The impasse has been between the European Community and the United States. An agreement was reached on the question of agricultural support programs. It now appears that France, to put it mildly, is having second thoughts about the agreement. I do not think Canada's position on Article XI is really relevant to those discussions.

Senator Hays: By way of comment on that, it is relevant only because a negotiating dynamic involves give-and-take within the parameters of what the various parties want. In order to get what it wants, Canada may have to give something, and that something may exist in the list of things about which some European Community members are now unhappy, France being at the head of the line.

Perhaps the minister is not in a position to comment on that, I do not know. That was the thrust of my question.

REACTION TO POSSIBLE FAILURE OF CANADA TO MAINTAIN POSITION ON ARTICLE XI—GOVERNMENT POSITION

Hon. Dan Hays: The other matter, which I will raise with some regret, really, is that the government has established good credentials in supporting Article XI and in supporting the supply-managed sector. Doubts have been raised from time to time, and, indeed, some now exist, but the government has held firm on that. As someone who supports that marketing option within Canada, I compliment and thank them for that.

However, in the event that there is no success in that area, does the government have any ongoing plan to deal with the reaction within Canada to the Dunkel proposal to replace import restrictions such as Article XI with tarification which would change the way in which we run our supply-managed sectors?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I may not know much about agriculture, but I know enough to duck the last part of that question.

Honourable senators, let me say that we are not the antagonists in the matter between the United States and the European Community. They came to an agreement a little while ago on agriculture. The European Commission issued a statement saying that the agreement was perfectly compatible with the new common agricultural policy of Europe and that it had been agreed upon last May. France disagrees with that interpretation.

The problem perhaps is no longer between the United States and the European Community, it is between France and her European partners. I think there we must leave it for the time being, in the hope that, in the larger multilateral forum which is being re-engaged in Geneva, we can make sufficient progress to bring the Uruguay Round to a successful conclusion.

CANADA-U.S. FREE TRADE AGREEMENT

EFFECT OF NAFTA ON NEGOTIATION OF TRADE SUBSIDY DEFINITIONS

Hon. Philippe Deane Gigantès: Honourable senators, the Leader of the Government has often quoted a provision in the free trade agreement which states that, following the coming into force of the agreement, we will have seven years in which to negotiate definitions of what constitutes an unacceptable subsidy, or what constitutes dumping, so that the matter would be more clearly defined and less left to the arbitrariness of challenges by what one of the witnesses to our committee called "losers" among American producers.

Mr. Gordon Ritchie, one of your principal negotiators, has told us that, through the North American Free Trade Agreement, this opportunity to renegotiate acceptable and unacceptable subsidies will be dropped. Is that so?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am aware that parts of the FTA process seem to have been folded into a new process involving the three countries, but I would have to obtain a detailed explanation of that. I will do so and bring it to the Senate as soon as possible.

AGRICULTURE

APPOINTMENT OF INDEPENDENT CONSULTANT TO STUDY METHODS OF MARKETING CANADIAN BARLEY IN THE UNITED STATES—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question to the minister deals with a developing problem in the agricultural community in the West, and that is the handling of barley, particularly insofar as sales to the United States is concerned.

Recently, the Minister for Grains and Oilseeds, Mr. Mayer, announced that he will soon hire an independent consultant to study the alternatives for selling barley south of the border. This is a matter of considerable discussion in the agriculture community. For example, Mr. Sigurdson, a farmer from Swan River, says there is no dissatisfaction amongst farmers on how their barley is being marketed. Yet other farmers are saying that change is essential.

However, the individual most closely associated with this is the Chief Commissioner of the Wheat Board whose function is, essentially, to represent the grain marketers. Mr. Hehn has said that if the board lost control over U.S. sales, it would lose much of its effectiveness as an offshore seller. He went on to say, however, that he has no quarrel with the Ottawa plans to study the issue, as long as the work was carried out by an independent person, such as an academic.

The minister made his announcement in mid-November. Can the Leader of the Government tell us who has been chosen to be the "independent person such as an academic" to do this study; and when may we expect a report?

Hon. Lowell Murray (Leader of the Government): I shall have to make inquiries, honourable senator.

REPORT OF FEDERAL STUDY ON REGULATION OF GRAINS AND OILSEEDS INDUSTRY—REQUEST FOR COPY

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): At the same time as he is making his inquiries, can the Leader of the Government also obtain a copy of the study from the minister? This is a report of a federal steering committee which examined government regulations in the grains and oilseeds industry. Apparently they have made a number of recommendations, one of them being in this direction. Can we be provided with a copy of that study?

Hon. Lowell Murray (Leader of the Government): There again, honourable senators, I shall make inquiries.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

REAL ESTATE APPRAISERS—NUMBER EMPLOYED

Hon. John Lynch-Staunton (Deputy Leader of the Government): tabled the answer to Question No. 73 on the Order Paper—by Senator Molgat.

CAPITAL ACQUISITION PROJECT—PURCHASE OF JEEPS

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 74 on the Order Paper—by Senator Molgat.

UNITED STATES-CANADA FREE TRADE AGREEMENT—TRADE DISPUTES

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 75 on the Order Paper—by Senator Molgat.

BUSINESS OF THE SENATE

THE CONSTITUTION

ADOPTION OF NEW BRUNSWICK RESOLUTION OF AMENDMENT ON LINGUISTIC DUALITY

Hon. Lowell Murray (Leader of the Government): Honourable senators, if I may take a moment to discuss some business to come before us, there were questions raised yesterday, notably by Senator Thériault, about the resolution to amend the Constitution concerning the two linguistic communities in New Brunswick.

I have been told this morning that the house leaders in the other place seem to have arrived at an agreement under which they would expedite the passage of that resolution in the other place, and that we might expect passage as early as this afternoon.

I simply rise for the purpose of alerting honourable senators that it appears we will be receiving the notice on that matter soon, and that the Deputy Leader of the Government will be in touch with us for the purpose of arranging debate on that resolution in this place, in the hope of having it passed before the Christmas recess.

Hon. Philippe Deane Gigantès: Would the Leader of the Government accept a question on this issue? I think he knows how I feel about such matters, but Ms Coyne says that she and her friends intend to challenge this resolution in court. As I understand the Constitution, if such a resolution is not objected to by any other provincial government and is approved by a province and by the federal government, and other provinces agree that it concerns only that one province, that resolution can then pass.

Have third parties, other than provinces and governments, the right to intrude?

Senator Murray: Honourable senators, I have read section 43 of the Constitution. I am not aware that there is a reference to other provinces in that section, nor am I aware of any process such as the honourable senator suggests involving consultation with other provinces.

My very learned advisor, Senator Beaudoin, advises me that there is no such provision in the Constitution.

Senator Gigantès: It does say in article 43, "provisions applicable to certain provinces only." As I understand the challenge from Ms Coyne, it is: "Who says it applies only to this province?" She claims that it probably applies to, and will have an effect on, other provinces.

I ask you and perhaps Senator Beaudoin: Is this a likely outcome? Do such people have a legal leg to stand on to challenge?

Hon. Royce Frith (Leader of the Opposition): I do not want to start taking sides, but the section reads as follows:

> 43. An amendment to the Constitution of Canada in relation to any provision that applies to one or more, but not all, provinces, including
>
> (a) any alteration to boundaries between provinces, and
>
> (b) any amendment to any provision that relates to the use of the English or the French language within a province,
>
> may be made by proclamation issued by the Governor General under the Great Seal of Canada only where so authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province to which the amendment applies.

Senator Murray: Honourable senators, to reply to the points raised by Senator Gigantès, I have also read the media articles and the statements attributed to Ms Coyne. The Government of Canada is satisfied with the soundness of its legal and constitutional position in respect of this resolution, and we will proceed with it.

Hon. M. Lorne Bonnell: Honourable senators, on the same question, could the Leader of the Government tell us whether we are not sneaking in the back door, bit by bit, what the people of Canada rejected through the front door on October 26?

Senator Murray: Honourable senators, there are two points I should make in relation to that question. Discussions between the government of New Brunswick and the government of Canada regarding this particular provision predate the Charlottetown accord by quite a few years. Once the Charlottetown accord was agreed to by the first ministers, Premier McKenna asked whether this provision, relating as it does only to New Brunswick, could be included, recognizing that for the provision to be effective it required only the action of the Parliament of Canada and the legislature of New Brunswick. Mr. Clark and the Prime Minister acceded to that request.

Second, it is worth pointing out, if the honourable senator wants to make an issue of the referendum, that New Brunswick voted "yes".

Senator Bonnell: But Canada voted "no".

Senator Murray: This amendment relates only to New Brunswick.

Senator Bonnell: There are a lot of other things in the Charlottetown accord that the people of seven provinces with over 50 per cent of the population agreed to. Will those provinces all be coming in now with separate resolutions and have those resolutions passed?

Senator Murray: Honourable senators, my recollection is that seven provinces did not vote "yes".

Senator Olson: Six provinces voted "no".

Senator Bonnell: I did not say they voted "yes" on the referendum. I said that they would agree on certain issues contained in it. They did not vote on this matter in the referendum, but it is now coming in through the back door. These other things might come in through the back door as well.

Would you bring them all in now so that we can get them all in one resolution?

Senator Murray: Honourable senators, there is no point in repeating myself. The agreement on this matter between Ottawa and Fredericton predates the Charlottetown agreement and was added to it for the purpose of legislative convenience. The government and legislature of New Brunswick have overwhelmingly passed this resolution to amend the Constitution. It relates only to that province, in the same fashion as a constitutional amendment brought in here five or six years ago by Senator Doody to amend the terms of union with Newfoundland in respect of their confessional school system related only to that province.

I believe that we are on very solid ground, legally, constitutionally and politically, in proceeding. If the honourable senator wishes to speak and vote against it, he will have that opportunity before Christmas.

PRINCE EDWARD ISLAND

AMENDMENTS TO CONSTITUTION RELATING TO FIXED LINK—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, I wish to ask another question concerning the Constitution.

• (1500)

The other day I noticed in the press that the premiers of Nova Scotia, New Brunswick and Prince Edward Island had sat down, had a little chitchat, and decided that the fixed link could get the go-ahead sometime this week. There is the possibility that the Minister Public Works in Canada would ask the Premier of Prince Edward Island for agreement to remove from the Constitution the section where we are guaranteed a fixed link and guaranteed a continuous communication to the mainland.

POINT OF ORDER

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, on a point of order, Question Period ended some time ago. I suggest that we move on to the next item.

Senator Bonnell: The leader had an opportunity to speak on this matter. Certainly I should have the opportunity to do the same.

Senator Lynch-Staunton: The Honourable Senator Murray, out of courtesy, gave certain information on business coming before the house, and that should not be taken advantage of in order to prolong Question Period.

Senator Bonnell: I am not prolonging Question Period. I am asking a question concerning the Constitution, a matter which he raised.

If Joe Ghiz, the Premier of Prince Edward Island, and the Government of Canada agree to take out of the Constitution the fact that we are guaranteed a continuous communication link with the mainland, will that happen?

[Senator Bonnell.]

Senator Murray: We are guaranteed a steam service, senator.

Senator Bonnell: Continuous communication with the mainland. It does not say steam.

Senator Lynch-Staunton: Hot air.

ORDERS OF THE DAY

BILL TO DISSOLVE OR TERMINATE CERTAIN CORPORATIONS

SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Beaudoin, for the second reading of Bill C-63, to dissolve or terminate certain corporations and other bodies.

Hon. Peter A. Stollery: Honourable senators, I rise to add my protest at the closing of the six learned institutions being erased by Bill C-63.

The Canada Employment and Immigration Advisory Council, the Law Reform Commission of Canada, the International Centre for Ocean Development, the Canadian Institute for International Peace and Security, the Science Council of Canada, and the Economic Council of Canada are all closed.

I telephoned the Canadian Institute for International Peace and Security; it is now an answering machine.

As nearly 1,000 Canadian soldiers anxiously await their dispatch to Somalia on a very difficult mission, the government has shut the door of its learned institute on, quoting from its mandate; ". . . disarmament, defence, and conflict resolution . . ."

As world order increases, this Government of Canada retreats from knowledge, retreats from knowing what it is doing in this increasingly disorderly world. If the government's actions did not have such potential for serious damage, it would be laughable. Look at the other organizations: Economics; employment and immigration; ocean development; science and technology; and law reform.

For many Canadians, we are in a depression—the first since the 1930s. People are sleeping in the streets. There are lineups at food banks. "Food bank" is just another phrase for a soup kitchen. Crowds line up at Salvation Army used clothing depots.

Banks in Canada no longer appraise houses when mortgages are renewed because, in so many cases, their internal rules would not allow them to renew the mortgage. They do not want the house, so they do not want to appraise the house. They do not want to use that appraisal as the basis for making the loan because there would be a massive repossession of houses in Canada.

We are living in unprecedented economic times and everyone knows it. Honourable senators, we have all had the experience of talking to our friends, and the phrase "unprecedented economic times" is repeated time and time again.

What does this government do? This government shuts down the Economic Council of Canada, whose overall responsibilities —

Senator Chaput-Rolland: The government fused it; the government did not shut it down.

Senator Stollery: I suggest that you read Bill C-63 because you will find that the Economic Council of Canada has not only been shut down, but any reference to it has been removed from the statutes of Canada. That is the entire purpose of Bill C-63. It was shut down a year ago.

I remind honourable senators that the overall responsibility of the Economic Council of Canada is to act as an independent advisory body, with broad terms of reference to study and report on a wide range of matters relating to medium- and long-term economic development. The council makes an annual review of the country's economic problems and prospects and conducts other studies on its initiative or at the request of the government.

The government has many different ways of avoiding the word "budget", but we have had in this country an interim economic report, which I could only describe as hopefully a short-term report in order to get the government through the next few months without having to acknowledge the reneging on the budget that came out in the spring concerning the deficit, which is increasing massively by the month. The figures are so great,who knows what they will be as the depression continues. The depression is different in different parts of the country, but obviously government revenues have been drastically reduced.

Honourable senators, no government can predict its deficit. As, month by month, the revenues have been reduced, the deficit can only get higher. That in turn affects the rate of borrowing. The rate of borrowing affects interest rates, which ultimately affects people who are trying to pay for their homes.

Now what happens? Because the Economic Council of Canada might have an independent view it has been erased. It has always had an independent view which might not agree with the rigid right-wing approach to government that we have seen over the last number of years. It is incredible, given the economic times we live in, that a government would, in its dying days, abolish one of its major economic advisors. However, that is what this government has done. So we scratch the Economic Council of Canada.

Honourable senators, we now come to the subject of employment and immigration. What do the papers say?

I want to refer to an article in Saturday's *Globe and Mail.*

> A chill swept downtown office towers across Canada yesterday as the overall unemployment soared to 11.8 per cent and layoffs hit the banking industry, one of the last bastions of job security.

That was Saturday.

What did we read on Friday? One headline in the *Toronto Star* read "CIBC axes 2500 jobs".

What was the government's response to that besides abolishing the Canada Employment and Immigration Advisory Council?

• (1510)

The other more dramatic act was to abolish unemployment insurance for workers who are dismissed. This was stated in the economic statement that was issued last week. I say "economic statement" because it was claimed not to be a budget; it was an economic statement and much less than a budget. Unemployment insurance for these 2,500 people who are to be axed from the CIBC is now in question. If the newspapers are to be believed, those 2,550 people will presumably be sacked, although that move will, no doubt, be challenged in the courts. The question is: After the ministers statement, do they qualify for unemployment insurance benefits? If I were one of them I would be concerned, as are so many other unemployed people in Canada. The response of the government is, once again, to abolish its main organization which deals with unemployment.

As for immigration, we now have a bill before the Senate which will make it even more difficult for immigrants to come to Canada.

In 1975 and 1976 I was a member of the joint committee on immigration that criss-crossed the country and produced the then new Immigration Act. The establishment of the Canada Employment and Immigration Council was one of the outcomes of that experience. That was one of our first attempts at going across the country to listen to what Canadians had to say about how they saw their country developing from the perspective of immigration. How could we anticipate difficulties?

In those days—and this is part of the unusual situation in which we now find ourselves—the government had input from and strong support in immigrant constituencies. Those of us who at that time were members of Parliament followed the subject of immigration closely because we tended to represent large groups of immigrants, many of whom were not voters but they were residents of our constituencies and we were interested in their problems. This government does not have that kind of support. In fact, at this point it does not have much support of any kind. It certainly does not have immigrant support.

This is a radical, right-wing government whose interest in immigration lies primarily in rich immigrants. That has been one of its problems. Under this government, you can now buy your way into Canada.

The problem with a learned, independent institution like the Canada Employment and Immigration Council is that, even when you stack it with your friends, for example, by having

your friends nominated to the board, even right-wing appointees—and, for that matter, all appointees to the board—they suddenly become interested in the subject of employment. They are then critical of the way the government handles unemployment insurance. Then they follow immigration and develop an independent view as to how immigration policy might be formulated, and that sort of thing.

The best thing this government can do is abolish these councils. We are all aware of the phenomenon where appointees to a board start to take an interest in the work of the board. That is what this government fears most, because when appointees start to become interested in not only getting paid but also in the subject-matter before them, they then try to shame the government into doing what is right The only thing to do is to get rid of the council. In other words: Dump the bearer of bad tidings.

This leads to another problem. By not listening to some of the bearers of bad tidings the government gets into even greater difficulty because its popularity then starts to drop in the polls. I do not include my colleagues on the other side of the Senate or members of Parliament, because we all know how members of the House of Commons, and the Senate have been manipulated and used by an increasingly cabinet-type of government. Few individuals in this government tend to rub shoulders with people like themselves when they go home, so that they do not receive any independent views as to what people think of their government. This leads the government into more and more trouble. That is partially the result of abolishing its councils of learned advice.

Who are the first people you get rid of when you get into trouble and you do not want to hear about it? You get rid of anyone with an independent mind. Is that not the nature of man? When you can see that you are less and less popular and you are being criticised by even your own appointees, you get rid of them. Is that not what you do?

Senator Stewart: That is what they do. That is what Machiavelli advised.

Senator Frith: Do not get too harsh with Niccolo!

Senator Stollery: I had forgotten. Remember when Senator Flynn used to sit over there? Senator Flynn must have read Machiavelli a long time ago. Senator Flynn used to get angry with Machiavellian tactics. What would he say now when the government has taken, holus-bolus, Machiavelli's advice and gotten rid of their friends?

Senator Bosa: He would say that he was misunderstood!

● (1520)

Senator Stollery: He was misunderstood.

Senator Gigantès: Are you referring to Machiavelli or to Flynn?

Senator Stollery: If honourable senators start looking down this list of abolished institutions —

Senator Hastings: Disgusting.

[Senator Stollery.]

Senator Stollery: One of my colleagues says it is disgusting. As I read the material to prepare something to say, it became more and more difficult. It is so utterly ridiculous that in a time of depression, the government would abolish the Economic Council of Canada. The country is facing the highest unemployment it has faced in numbers, probably since Confederation. I am sure that during the Depression the actual numbers were not as high as they are today.

The Canadian Council on Employment and Immigration is being abolished at a time when the Minister of Immigration is commenting on the problems of immigration. Everyone is asking, "What has happened since the Cold War has ended? How come since the Cold War has ended the world seems to be in a more chaotic situation than it was when the Cold War was on?" We have more Canadian troops in more countries than at any time, undoubtedly, since the end of World War II. They are in places most Canadians have barely heard of. We now have a battalion heading for Somalia. What happens? The government abolishes the institute that was to deal with these matters, to advise the government and collect information so that there would be some sort of order.

Senator Frith: Maybe it is a death wish.

Senator Stollery: It is a strange affair and, as Senator Frith says, it must be some sort of death wish. It defies logic. This is my twenty-first year in Parliament. It is amazing that I have to stand here and make some kind of sensible observation when the government is abolishing some of its premier institutions. What adds to the amazement is that it is done in the last year of its mandate, after it has had a dramatic loss in the referendum. Its main constitutional proposal was rejected overwhelmingly in the country. Now we have to deal with this sort of thing and with some fairly radical legislation that is to come forward in the next few weeks. One has to ask: "Should a government be doing this in the fifth year of its mandate?" I would argue that it was badly damaged on October 26. What is it at in the polls? It is at the lowest level in Canadian history. I am sure no democracy has ever seen polls so consistently low.

The Hon. the Speaker *pro tempore:* Honourable senators, the 15 minutes allotted to the honourable senator has transpired, and he will need leave to continue.

Hon. Senators: Agreed.

Senator Stollery: Honourable senators, you will notice that I excluded honourable senators from many of these horrible decisions. I will end soon and not try the patience of honourable senators.

I am looking at a "kerfuffle" in moving on to the science council. I have looked at words such as irony, ironic, comic, tragic, ridiculous, stupid and leaves one breathless to describe these acts. When I put them all together I have a "kerfuffle". They do not have the words in my Oxford dictionary to describe this situation.

Senator Corbin: It stinks.

Senator Kenny: How does it translate?

Senator Stollery: "How does it translate", asks Senator Kenny, a shrewd observation. Let us take a look at the Science Council of Canada. We hear this argument for a huge sellout to the multinational drug companies. We are told, honourable senators, that this measure is not being put in place to provide directorships in those same companies for those soon-to-be-defeated cabinet ministers, but to acquire research investment for Canada. This is what we are told. Merck is one of the drug companies. I do like the name of one of the companies, Welcome. "Welcome", they say, "Where is your money? You are in pain, you have some terrible disease, well we will bankrupt you, so it would be better off to die." Welcome.

We are told that we require this drug sellout in order to acquire investment. Mr.Polanyi, the Canadian who won the Nobel prize for science, says, in reference to the closing down of the science council, "the King of Babylon, who had a Royal Astronomer on staff, had more scientific advice than Prime Minister Mulroney will now get." He went on to say that the government is shooting itself in the head by killing the Science Council of Canada. It is terrible.

I would like to add a small observation. This is not a Conservative government; it is a radical right wing government. There was an article in Saturday's *Toronto Star* by Thomas Walkom on the unemployment insurance fiasco. I agree with it. He said that this is a government of radical right-wing ideologues, that most of their baggage is not Canadian, but right-wing United States and extremely small-time. I will admit that I have mixed some of my observations with the author's in that statement. I would not want any one to think otherwise.

Senator Frith: To our mutual benefit.

Senator Stollery: Exactly. It crystalized my own thoughts of this government as a radical right-wing government, not a Conservative government. It is very American in many ways.

Have you not noticed, honourable senators, that many of your friends say that this is the most American government that we have had. When you look at the contradiction between the drug bill and abolishing our only science council so that the Prime Minister will not have scientific advice, you are forced to think about Canadian history. Remember the annexationist movement at about the time of Confederation. They were very prominent in the middle of 1850s. I am sure my colleagues from Montreal will know more about it than most of us from Ontario. The English-speaking merchants rioted in Montreal and burned down the Parliament buildings in 1849. The troops had to be called out. It was a terrible disaster. Most of those people were annexationists. They were a mixed group. Annexationism never got any where in Canada until the election of the Mulroney government in 1984.

Senator Cogger: Can we withdraw the leave ?

Senator Frith: Only with leave, which we refuse.

Senator Stollery: The more you listen to your neighbours and friends, the more you are impressed by the fact that they may not know much about Canadian history, but they feel we are being sold out, that the country is being sold out.

• (1530)

That is a major reason for government popularity being at 20 per cent in the polls.

Senator Kenny: It is not that high.

Senator Stollery: The figures are becoming so low it is difficult to follow them.

Honourable senators, the International Centre for Ocean Development has been abolished whilst we are in the midst of a major fishing catastrophe; when the government does not know what is happening on the east coast; and when it is basically employing thousands of fishermen in Newfoundland not to fish. It is said to be the gravest disaster that has happened to the Newfoundland fishery since Newfoundland was discovered 500 years ago. The International Centre for Ocean Development has played an important role in many countries and has worked on hundreds of projects on ocean development.

The Law Reform Commission of Canada has made a tremendous contribution to the development of Canadian law. It has also been abolished.

I will end my few remarks by pointing out to my colleagues that there may be a change of government in the next few months. Who knows? My friends on the other side may not be sitting there for much longer. Senator Murray and Senator Lynch-Staunton may not hold those positions for much longer.

It is unwise and certainly arrogant of the cabinet to take such radical steps with important Canadian institutions that have served Parliament and the governments of Canada well for the past 25 years by presenting a bill to Parliament that abolishes them in the fifth year of a mandate. I suspect the loss of that mandate may well be endorsed by the Canadian electorate in the not too distant future.

Hon. Philippe Deane Gigantès: Honourable senators, I would like to speak on the same bill, addressing my remarks to the annexationist party opposite. I would like to talk mainly about the Canadian Institute for International Peace and Security.

Thinking on international peace and security is important. One thing we cannot ever do, if we remember the Maginot Line, is leave it to the generals. One major sector of Canadian policy that is rotten is our military policy. We have a great need for people who think in global terms about peace and security to tell us that what we have as armed forces is no longer useful; it is a dinosaur.

Of course, we happen to be the country that has the most generals per 10,000 men. We happen to be the country that has more corporals than soldiers, more sergeants than corporals. Apart from this absurdity, as the Israelis and others would describe it, we have an armed force that is all tail and no teeth. We have hardly any combatants. We have paper-pushers galore in the Department of Defence. We could put them all

out to pasture at an average pension of $30,000 and we would save $10 billion dollars. There would be $10 billion left over.

Alternately, we could change our defence policy and have some 10,000 fierce fighting men like the Special Air Squadron in Britain and get rid of the rest and follow the Israeli view that everybody, the cooks included, should be fighters.

The Economic Council of Canada could have thought about such matters.

We could use defence money to get through the loopholes of the trade agreements that government members have signed, because the Americans have put in nice large defence loopholes. We could do research and call it military research in high-tech fields such as satellites, surveillance through robot planes and over-the-horizon radar. We could conduct the research here, develop it here, fabricate it here and use our own hardware which would also have, by definition—because that is the only hardware we would research—commercial implications.

The generals or the colonels will not think in this manner. Independent thinkers and outsiders are needed to study the conditions and, I dare say, they would not expect divisions of Russians to trample over the polar ice cap followed by tanks to invade Canada. If the Russians did so, perhaps the U.S. would defend us, perhaps not. It is probably more likely to defend us now that it has bought us than it was before.

The point is that we have totally neglected thought and research and, with the passage of this bill, we will be killing what we had. In 1983 the Prime Minister wrote in his book that he wanted to increase research. He stated that the country would sink, would become an Argentina, if we did not pay more attention to research.

Senator Hébert: Mulroney wrote that?

Senator Gigantès: L. Ian Hamilton wrote it for him and Mulroney signed it. L. Ian Hamilton had some good ideas. I wonder if we will see him soon in the Senate.

At the present time we are abolishing independent research in this country as fast as we can. We will leave it to pharmaceutical companies to do our research. The only research they do here is clinical testing. Have they produced a new drug, a new technique, something that has not already been done in the United States? It stands to reason: Why should one of those major drug companies replicate here research that they have already done south of the border because we have some talented researchers? It is cheaper to say to a talented researcher, "Come on south. We can put you in Palo Alto, Denver, or Los Angeles. You will have less snow—an earthquake or a riot from time to time, but we will give you enough money so you can escape it."

Ever since this government came to office, research in Canada has gone down and now the government has abolished the Science Council of Canada and the Canadian Institute for International Peace and Security.

[Senator Gigantès.]

The reason the government abolished the Economic Council of Canada is twofold. The principal reason was that its report over the free trade agreement served to expose the free trade agreement as a terribly badly negotiated deal. The Economic Council of Canada conducted a study which the government proudly presented in the House of Commons and here, which stated that, if the free trade agreement did not go into effect over 10 years, Canada would have 10,000 less jobs than it would otherwise have; and if it went through, Canada's employment would decrease at one-tenth of 1 per cent per year.

● (1540)

What they were demonstrating was that the free trade agreement was not worth the paper it was written on, the way it was negotiated. The important thing for us was to get clear definitions of unacceptable subsidies and dumping, and that we did not get. The important thing for the Americans was the right to buy Canadian companies, move the guts of the company south and turn them into warehouses here, and abolish jobs which the Americans got, as well as the right to our resources and equal right to our rights and now the right to our water.

In the institutes now being abolished, there were some independent thinkers who dared say it in a back-handed way. They wrote a damning-with-faint-praise support of the free trade agreement which showed that it was terrible. That is why I think they were abolished.

There is nothing good that is coming out of your government recently. Decency has left you, intelligence has left you, and you do not know how to manage anything. You are business people mainly. Business people these days seem to be falling over one another to demonstrate how badly they manage.

Senator Stewart: They are not the government. They are the people opposite. They are a subcommittee. They are here to give advice and assist.

Senator Hébert: They are a subcommittee of the government.

Senator Gigantès: I am talking of their party and the Prime Minister.

You are the party of the Reichmanns. They used to be a myth a couple years ago. Where are they now? I hear other friends of yours are falling by the wayside. All these brilliant business people are going bankrupt. Why? Because business people only care about making money and do not care about thought. They do not even care, as my friend Senator Peter Stollery said, to have somebody give them a contrary opinion that might save their lives. They have never had that sense, and the country is paying for it now.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, in its budget tabled in the House of Commons on February 25, the government declared its intention to "eliminate, consolidate, defer or

privatize" 46 semi-public agencies, corporations and commissions.

The reasoning behind this was entirely predictable: The government would be able to make a tremendous savings of $22 million per year, enough to build a couple of toy helicopters, I suppose, to entertain the generals' kids. I am of course talking about scale models. On March 10, 1992, Bill C-63 pronounced the death sentence of the first six agencies.

This measure sounded the death knell of several invaluable organizations, including the Canadian Employment and Immigration Advisory Council; the Canadian Institute for International Peace and Security, which was discussed at length by my colleagues; the Economic Council of Canada; the International Centre for Ocean Development, which Snator MacEachen mentioned yesterday; the Law Reform Commission of Canada; and finally, the Science Council of Canada.

The government believes that by eliminating these agencies, it will be able to scale down its operations, reduce the size of its administration, save money . . . and probably get rid of the deficit! In fact, it is destroying agencies which would otherwise have continued to provide a very important service to the government and the people of this country. Quite frankly, I think the Tories are anxious to privatize in an attempt to silence criticism, if they can, especially criticism coming from the Reform Party.

Most of the agencies the government is winding up provided information, research services and independent advice. Since it could not control the tenor of the comments produced by these agencies, the government decided to silence them altogether, which means more than 300 employees are out of a job. Oh, well, what's 300 more or less, at this rate!

I think there is a glaring contradiction between the government's rhetoric and what it is actually doing. The government wants to make Canada more competitive, but it eliminates important Canadian agencies that provide or used to provide information, analyses, new policies in other words, what we needed to become truly competitive.

If we ignore the government's pedestrian rhetoric, the fact show that these agencies were of tremendous benefit to the Canadian taxpayer.

The contribution made by the Science Council of Canada is particularly revealing. It recommended creating a Canadian Space Agency; made Canadians aware of the benefits of recycling; published reports on perennial agriculture, water resources, biotechnology for cold regions; and so forth.

Unfortunately, now that the Science Council has been eliminated, Canada no longer has a national agency responsible for analysing policies on science and technology from an independent point of view.

To quote Professor John Polanyi, the Nobel Prize winner for chemistry in 1986, when he appeared before the legislative committee of the House of Commons:

> "The money being saved (by terminating the Science Council), if my information is correct, is about $3 million per annum, which sounds like a lot of money but is a trivial sum compared to the cost of one technological error."

Of course we cannot expect a Tory government to understand the language of a Nobel Prize winner.

The termination of the Science Council has silenced a very respected agency which cast an impartial eye on the less than brilliant record of the Tory government in the field of science and technology. By claiming that the National Advisory Committee on Science and Technology, chaired by the Prime Minister—lacking a Nobel Prize, they had to make do—can take over the functions of the Council, the government admits it does not want an impartial analysis of its science policies.

The Economic Council of Canada is another important agency which Bill C-63 is eliminating. Founded in 1963, it has published reports and made countless recommendations on productivity, competitiveness, education, health, reconversion and, more recently, the economic consequences of Quebec's separation.

Because government was in big trouble in most areas and because this agency had the guts of telling this government it had no clothes, government decided to silence the opposition instead of getting dressed.

Now, who could deny the important role played by the Law reform Commission? Since its creation in 1970, this agency has put out 32 reports, 61 working papers and 76 studies containing recommendations covering Criminal Code reform, hate propaganda, plea bargaining, safeguarding genetic heritage, pornography, euthanasia, sexual assault, arson, mental illness and so on. As of 1990, Law Reform Commission studies have been quoted in 221 Canadian court decisions, 39 of which were in decisions by the Supreme Court of Canada. Obviously, we do not need all that. It is somewhat superfluous!

They dare say that the impact on the people of Canada will be minimal. This organization certainly gave value for the money. It was indeed vital to our judicial system and served all Canadians. What will happen as a result of the dissolution of this agency? There will no longer be studies relating to human rights, the protection of life and administrative law. A vacuum will have been created, a vacuum where this government feels totally at home, in its element.

By eliminating this agency, the Minister of Justice is trying to silence its most vocal critic since 1990. As a matter of fact, that is why Mrs. Campbell has left the Law Reform Commission without a quorum for two years, which has made it impossible for the commission to approve any reports that would have suggested changes to federal legislation. Basically, the Commission was paralysed for two years before it was finally shut down.

The journalist Stephen Bindman says that, with the proposed elimination of the Law Reform Commission of Canada,

we will become one of only three Commonwealth countries without an independent law reform body, the other two being Bangladesh and Zimbabwe.

● (1550)

[*English*]

Moreover, as my honourable colleague Senator MacEachen said yesterday and Senator Gigantès spoke about so eloquently a moment ago, it is indeed a matter of regret that Bill C-63 provides for the dissolution of the Canadian Institute for International Peace and Security. Among its numerous contributions, this institute had established a research and information library; developed a school education curriculum program; supported Canadian scholars; and, in general, developed a first-class centre of peace and security offering a Canadian perspective at a time when the world is most turbulent and Canadian governments need up-to-date information.

The Conservative government's elimination of this agency dealt a death blow to serious analysis in Canada of contemporary world events. In fact, this institution played an extremely important role by providing comprehensive analysis and alternative policies to government, Parliament and any agency concerned with foreign affairs. Since the agency was relegated to the ashcan of history by the Tories, Canada no longer receives its invaluable input.

As a result of Bill C-63, Canada will also be deprived of the following benefits: The science council's five-year plan to influence the direction of science and technology for Canadian prosperity and well-being, as well as its studies related to the relationship between technology and local economic development, genetics in health care, and the role of venture capital in financing new technology.

In addition, the findings of the following studies conducted by the Economic Council of Canada will not be released: *The Economics of Health Care*, *The Economics of Education*, and an analysis of the effect of government on competitiveness. As well, the Law Reform Commission's "recodification" of the Criminal Code of Canada will cease.

In devising this incredibly short-sighted legislation, the government has failed to indicate clearly who will assume the role these agencies were playing. Accordingly, it is unacceptable for the government to say that Canada can rely on other foreign or domestic organizations for strategic information in the areas of research and development, science, peace and security, et cetera.

An excellent example of the utter ridiculousness of the situation created by the Tory government was provided by a witness who appeared before the Commons legislative committee. Mike McCracken of Informetrica informed the committee that other G-7 countries tend to have agencies which are similar to the Economic Council of Canada. Japan has its Economic Research Centre. The United States has the Council of Economic Advisers and the Brookings Institute. The U.K. has its National Economic Development Council. The point was

[Senator Hébert.]

brought home when Mr. McCracken underlined that Uganda could function without such agencies.

In fact, countless witnesses who appeared before the Commons committee indicated that the agencies sent to the scaffold by Bill C-63 served a valuable purpose. The government has claimed that it was dispensing with these agencies to increase efficiency. I fail to understand how it can become more efficient by eliminating agencies that provide it with an objective analysis of numerous problems affecting Canada.

The Tory government alleges that the work performed by these agencies overlaps with that of other non-governmental organizations. However, in its frenzy to privatize everything in sight, the government has failed to provide examples of the overlap. Therefore, we are unable to judge objectively just how much overlap there is. I believe the record shows that these agencies played important roles, and I suspect that the allegation of overlapping is nothing more than a canard and a red herring.

The facts confirm that every one of these agencies has facilitated the decision-making process for governments. I believe that the Liberal privatization critic, Mr. Derek Lee, summed it up eloquently in the House of Commons last November 26 during the debate on this bill, when he said:

> Drawing an analogy between government and a ship at sea, if I were the captain of a ship, I do not know why I would throw my most effective navigator overboard. I would want a navigator on my ship who was not going to say "yes" to me just because I was the captain. I would want a navigator who would tell me if I was steering a wrong course, and do it boldly and objectively.

By scrapping the Economic Council of Canada, the Science Council of Canada, the Law Reform Commission, the Canadian Institute for International Peace and Security, and all the others, the government runs the risk of running aground.

Bill C-63 confirms that the government has grown so tired and cynical that it no longer wishes to heed the advice of objective navigators. All it needs is its own advice. It needs "yes" men. It needs Conservative senators.

We certainly have to ask ourselves what is the underlying philosophy of a government which withdraws the funding from independent institutions all over the country. Unfortunately, time does not permit me to discuss all the implications of Bill C-63. Of one thing I am certain: This measure will undermine seriously the foundation of Canada, as well as undercut its ability to devise innovative solutions to problems created by a rapidly changing world.

In addition, the Conservative government is putting Canada in a position of great weakness. By sending these important organizations to the scaffold, the government is deliberately thrashing the intellectual power and the intellectual capital that they represented and were able to produce on behalf of and for the benefit of present and future generations of Canadians.

[*Translation*]

If the Conservative senators approve this legislation, under gentle pressure from Harvie Andre, history will judge them harshly. Once again, unfortunately for us, they will have expressed their instinctive, almost sick fear of new ideas and free thinking.

Hon. Jean-Marie Simard: What do you mean "new ideas"?

Senator Hébert: The expression new ideas worries senator Simard. Thank you, honourable senators.

On motion of Senator Crafstein, debate adjourned.

[*English*]

PUBLIC SERVICE EMPLOYMENT ACT

PUBLIC SERVICE STAFF RELATIONS ACT

BILL TO AMEND—SECOND READING—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Bolduc, seconded by the Honourable Senator Rossiter, for the second reading of Bill C-26, to amend the Public Service Employment Act, the Public Service Staff Relations Act and other Acts in relation to the public service.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, what is the wrong that this bill seeks to right? What evil does it seek to root out? It seems to be the merit principle in the public service.

• (1600)

At least that seems to be its central target, that hard-fought, finally hard-won, principle: Merit versus patronage in the public service.

How does this bill affect that principle? It seems to drive a stake into its heart. The merit principle distinguishes a public service whose central canons and principles are impartiality and commitment to excellence, from one that can easily be ruled by partisanship and mediocrity through patronage.

The ninth edition of *Webster's* dictionary, which I choose over *Oxford* because I will make a brief reference to U.S. history in a moment, defines the word "merit" as "to be worthy or entitled or liable to". Extrapolating from this definition, *Webster's* dictionary goes on to define the merit system as a system by which appointments and promotion in the civil service are based on competence rather than political favouritism.

Some years ago, I ran across a book called *Plunkitt of Tammany Hall*. It is not now widely read, but it is deeply rooted in our political literature. To give you the context, Plunkitt was the head of Tammany Hall, and he adopted the habit of dealing with constituents in a place other than his office. There is a picture of him here which is captioned:

> Ex-Senator George Washington Plunkitt, on his rostrum, the New York County Court-house bootblack stand.

A man by the name of William L. Riordon, who at the time was a reporter for the *New York Times*, went by and heard him as he used to give little pronouncements on various subjects.

Reading from the preface:

> This volume discloses the mental operations of perhaps the most thoroughly practical politician of the day—George Washington Plunkitt, Tammany leader of the Fifteenth Assembly District, Sachem of the Tammany Society and Chairman of the Elections Committee of Tammany Hall, who has held the offices of State Senator, Assemblyman, Police Magistrate, County Supervisor and Alderman and who boasts of his record in filling four public offices in one year and drawing salaries from three of them at the same time.

His little essays were reported duly by Mr. Riordon in the *Saturday Evening Post* of the time and in the *New York Times*, and then put into this book. His subjects were diverse and were all on political subjects. The first one here is "Honest Graft and Dishonest Graft". The second one is, "How To Become a Statesman".

The one that is of interest to us is called, "The Curse of Civil Service Reform". Mr. Plunkitt of Tammany Hall was against the merit principle, just as this bill appears to be. He felt that the merit principle was a great fraud and a great attack on democracy.

After the merit principle had been established in New York, he says:

> . . . Just look at things in this city to-day. There are ten thousand good offices, but we can't get at more than a few hundred of them. How are we goin' to provide for the thousands of men who worked for the Tammany ticket? It can't be done. These men were full of patriotism a short time ago. They expected to be servin' their city, but when we tell them that we can't place them, do you think their patriotism is goin' to last? Not much. They say: "What's the use of workin' for your country anyhow? There's nothin' in the game.". . .

He goes on to say that there is nothing left for them to do but to become anarchists.

> That ain't no exaggeration. I have good reason for sayin' that most of the Anarchists in this city today are men who ran up against civil service examinations. Isn't it enough to make a man sour on his country . . .

This is Mr. Plunkitt's attack on the merit system, like the attack that this bill is making.

> Isn't it enough to make a man sour on his country when he wants to serve it and won't be allowed unless he answers a lot of fool questions about the number of cubic inches of water in the Atlantic and the quality of sand in the Sahara Desert? There was once a bright young man in

> my district who tackled one of these examinations. The next I heard of him, he had settled down Herr Most's Saloon smokin' and drinkin' beer and talkin' socialism all day. Before that time he had never drank anything but whisky. I knew what was comin' when a young Irishman drops whiskey and takes to beer and long pipes in a German saloon. That young man is to-day one of the wildest Anarchists in town. And just to think! He might be a patriot but for that cussed civil service.

Because the principle of merit, as the central principle of the public service, is such an important one dating back to the beginning of this century, we will look at it in three perspectives: The history of the merit principle and how it developed over the past 80 years; how that principle is affected by Bill C-26; and finally some problems that should be particularly scrutinized by the committee assigned the bill.

First, on the history of the merit principle, the existence of the civil service, now called the public service in Canada, dates to the mid-1800s. Throughout the rest of that century and into the next, reform of the civil service was often a favourite topic of discussion in the public sector. We see a certain parallelism here between the growth and the flourishing of the merit principle in the United States and in Canadian history.

We find today that not much has changed. In fact, many reforms were under way in the United Kingdom in the 19th century which fuelled discussion for reform here.

However, it was not until amendments were made to the Civil Service Act in 1908 that substantial reform was achieved. Until that time, the civil service was commonly staffed by patronage appointments, just as described by Senator Plunkitt of Tammany Hall. Most of the jobs, to use Senator Plunkitt's words, could "be got at" by way of patronage.

Most of the suggested reforms centred around patronage. In fact, the amendments in 1908 could be said to be the first set of reforms initiated to combat the problem. Reform was seen to be needed because it was believed the patronage system could not adequately serve the public. It was commonly thought that politically-appointed servants damaged the efficiency and the ability of the public service to perform its functions.

The two main reasons advanced were that the appointments were based on who knew who and that the positions were not necessarily filled by superior or even qualified candidates. Second, appointees were thought to have sentiments of loyalty to whoever appointed them, affecting the functioning of the public service if the party in power was not the one which had made the appointment.

At this point, it is worthwhile underlining a parallel analysis because this bill may lead to a new form of patronage, in addition to the one dealt with by these earlier reforms; a form of patronage within the public service where the deputy or the departmental head, the bosses in each area, will be the ones dispensing the patronage. This is a very interesting recycling of the principle of patronage.

[Senator Frith.]

Speaking on debate at second reading of the 1908 Civil Service Act amendment bill, the honourable Sidney Fisher, the minister responsible for the bill, pointed to the importance of the public service in the country, which was being threatened by the two reasons I have just given.

● (1610)

He said:

> People hardly realize what a very important part in the government of the country is played by the civil service —by the men who are permanent in office under the government, and who consequently are continually employed in the transaction of public business.

We will see how this bill changes that principle, not in the context used there, that is, the direct context of the elected persons interfering by way of patronage, but within the public service patronage system.

He continued:

> The governments and individual ministers may change, our party may come in and another go out, but the civil service is practically a permanent staff of men engaged in the daily administration of the government system.

That was, of course, the ideal. The fact that the civil service would be running the daily affairs of the country, regardless of which party was in power, argued strongly for a permanent and neutral public service.

Lord Dufferin recommended appointing only those to the civil service who had particular qualifications required in that service. Quoted by Mr. Fisher, Lord Dufferin advised that the civil service remain free of political suasion. This is what he had to say:

> It is necessary that the civil service should be given a status regulated by their requirements, their personal qualifications, their capacity for rendering the country efficient service, and that neither their original appointment nor their subsequent advancement should in any way depend upon their political connections or opinions.

We can read the word "political" in this bill as a small "p" political.

The quotation continues as follows:

> If you take my advice, you will never allow your civil service to be degraded into an instrument to subserve the ends and interests of any political party . . .

The amendments made to the Civil Service Act in 1908 would establish a Civil Service Commission now known as the Public Service Commission. The Commission was authorized to hold open and competitive examinations for entrance into the civil service and to test qualifications of candidates for promotion in the civil service, a role which could be called the watch-dog of the merit principle. Before the bill would

pass Mr. Fisher predicted that the reforms of 1908 would have the following effect on the civil service.

He said:

> In the beginning, a man was in the public service because a corrupt and arbitrary king wished him there; at the end, he was in that service because a fair test of his work gave him the place, as the best man to fill it.

That role of corrupt and arbitrary king can be extended to political parties, political officials and, as we will see, could be extended to heads of departments in the public service.

Although the Civil Service Act of 1918 further entrenched the merit principle, it did not include a precise definition of that principle. It did, however, include a description of the mechanics of the merit system. The principle itself seems to have been taken for granted.

Moving ahead to more recent history, the Public Service Employment Act was passed in 1967. The cornerstone of the act, as with earlier versions of the Civil Service Act, is the merit principle. It created the Public Service Commission and gave it the specific mandate to ensure that hiring and firing in the Public Service was based on merit.

The Honourable E.J. Benson, speaking on behalf of the government, explained the importance of the bill.

He said, succinctly:

> We are satisfied that without the merit principle both the public service and the people of Canada would be less well served than they now are.

Furthermore, the Honourable R.A. Bell, who is well known to some in this house, then the Conservative member for Carleton, also expressed the importance of the merit principle when he said:

> With the increasing involvement of government in every aspect of the daily life of the individual, the public service must be composed, I submit, of the very best—not the second best but the very best—and ablest of our young Canadians recruited for service to their nation.

As we can see, the merit principle, the idea that people are awarded positions of employment in the public service on the basis of qualifications and ability, goes back a very long way. The reasons for supporting the merit principle remain the same today as they were in the late 1800s and early 1900s, that is, it ensures an able public service, free from the constraints of political loyalty or internal internecine and other machinations, to serve the Canadian public in the best manner possible.

Two main sections of the bill greatly affect appointment by merit. The first is dealt with in clause 10 of the bill which affects section 10 of the Public Service Employment Act. The second is the issue of deployment. Section 10 of the Public Service Employment Act forms the heart of the merit principle as it stands in the public service today. It reads:

Appointments and Selection Standards

> Appointments to or from within the Public Service shall be based on selection according to merit—

That is the law.

> — as determined by the Commission, and shall be made by the Commission, at the request of the deputy head concerned, by competition or by such other process of personnel selection designed to establish the merit of candidates as the Commission considers is in the best interests of the Public Service.

I emphasize that is a very important role for the commission.

Section 10, as I have just read it, makes it very clear that the section is to be based on merit and the best candidates will be the ones to win competitions and employment. Clause 10 of Bill C-26 before us, proposes to change section 10 of the act by adding a new subsection, namely, subsection 10 (2), which I will read. Bear in mind that the present section 10 guarantees that the deputy head asks the commission to find the best person for the job.

We now propose to add to that:

> (2) For the purposes of subsection (1), selection according to merit may, in the circumstances prescribed by the regulations of the Commission, be based on the competence of a person being considered for appointment as measured by such standard of competence as the Commission may establish, rather than as measured against the competence of other persons.

● (1620)

Understand what that means. I placed the emphasis on the last part of that subsection:

> . . . as measured by such standard of competence as the Commission may establish, rather than as measured against the competence of other persons.

[*Translation*]

I point this out because today, employees get a position because they happen to be the most competent candidate. If Bill C-26 is passed in its present form, they will be appointed because they meet the requirements, whether they happen to be the best candidate or not. This means it will be unnecessary to select the best candidate and that you can appoint any candidate who happens to meet the requirements. There is no longer any guarantee that the most competent candidates will be selected to fill positions in the public service.

This goes against what Mr. R.A. Bell said about the need to staff the public service with the best possible candidates and I quote;

> ". . . not the second best but the very best."

It even seems to go against the very foundations of the merit principle in the public service, which include guaranteeing Canadians the best possible level of service. We must not forget that our public administration is supposed to exist to serve Canadians. The role of the public service is to serve the

public, not only by dealing with the public directly but also by implementing public policy.

By making it possible to select candidates who are second best, aren't we sending a message to the Canadian public that it only deserves second-class service? The new standard set for the Canadian public service is a dangerous one because it radically changes the foundations of the present system and may engender a system not governed by excellence but by mediocrity.

One wonders the purpose of these changes. What does the government hope to achieve with such fundamental changes in the merit principle? After stating that he continues to believe in this principle, Mr. Loiselle, the Minister, recommends getting rid of it.

The bill claims that this revised merit principle will give managers more flexibility in staffing matters. There is no doubt about that. That was exactly the philosophy of Mr. Plunkitt of Tammany Hall. Suppose a deputy head at the Department of Justice wants to fill a vacancy in his office. The Public Service Commission will publish a notice of competition indicating the qualifications: a law degree plus three years of experience in environmental law, for instance, and other eligibility criteria.

Once the competition is posted, suppose 20 candidates applied, including a friend or friends of the deputy head, the Minister or the Prime Minister who happened to hear about the position. Since this person has a law degree and three years of experience, the deputy head can offer him the position, whether or not he happens to be the best of the lot.

[*English*

Currently, employees earn their job by being the best qualified candidate because they compete against other candidates. If Bill C-26 passes as it currently reads, employees will earn their job by being qualified, whether or not they are the best by that process. The effect of this sentence is to say that no longer must the best candidate be appointed, but any qualified candidate; not the best qualified candidate, but any qualified candidate out of a group of similarly qualified candidates may be appointed. Any one of them may be appointed. There is no longer a guarantee that positions within the public service will be filled by the most qualified candidates.

When asked about the intention behind the changes to section 10 of the Public Service Employment Act, the President of the Treasury Board, Mr. Loiselle, speaking on Bill C-26 in the *Minutes of Proceedings and Evidence of Legislative Committee H*, Issue No. 2, March 10, 1992, answered as follows:

> Inasmuch as you have selected somebody on merit, he should be allowed to proceed with his work. Each time you give him an assignment you should not test him again.
>
> If there is a real merit principle and people have been found to be able to perform at a certain level, you must not ask them each time they change their performance to something similar in the next office to go through a huge process again.

[Senator Frith.]

He says that is a denigration of the merit principle.

> If somebody is capable of functioning, let them function. Allow them a chance to try new experiences, to widen their scope, to diversify their activity. Don't keep them prisoner of a particular sector because of a process.

This statement refers to those already employed in the public service. Therefore, once you get in, you can progress to other positions, whether or not you are qualified or the best person for the job, because you will not be going through the "merit test" again.

However, as we have seen, the merit principle will not only be sacrificed in the case of persons already employed in the public service. It will also be sacrificed in the recruitment process.

The merit principle seems to be working well until now. The Canadian public service is said to be second to none. As for the difficulties, listen to this. Ninety-five per cent of all staffing decisions, all made pursuant to the merit principle, are not appealed. One of the justifications given is that there is so much latitude given in the application of the merit principle for people to appeal, that they cannot be hammered into positions, because they appeal and they slow down the whole process. Well, 95 per cent of all staffing decisions, all made pursuant to the merit principle, are not appealed. Why then, if there seems to be no problem with the merit system of staffing, is the government changing the process?

We heard Senator Bolduc say on Thursday last that ". . . merit through competition will remain the general basis for recruitment into the public service and promotion within it." Perhaps it would have been useful for Senator Bolduc to define what he perceives "merit" to be.

The generally perceived definition of "merit", for the most part of this century, has been that the "best" qualified candidate gets the job and gets it in comparison to other applicants, not disassociated from other applicants for the job, as subsection 2 will provide.

Section 10(2) of Bill C-26 redefines merit to be that of any qualified candidate getting the job; not the most qualified or the best of those who are qualified.

We really must examine whether we want to change the definition of the merit principle which has served us so well over the past 70 years.

The only defence the government has been able to offer is that flexibility will be easier to achieve. We must ask ourselves if this increased flexibility in the hands of senior public servants and the government is worth sacrificing the merit principle and first-rate employees in the public service because flexibility, of course, is exactly what Mr. Plunkitt of Tammany Hall wanted. He wanted full flexibility to fill these positions. As he said, there are 10,000 jobs, and we can only

get at a few hundred of them. So he wanted more flexibility, which is apparently the justification for this bill.

Although the minister and his government have given their assurances that the merit principle will not be undermined by this bill —

Senator Gigantès: Another sacred trust.

Senator Frith: And we know how sacred that is.

They also say that there is no need for the best-qualified candidates. Is that the reason we are destroying the merit principle?

One section of the bill deals with deployment, which we also must think about. The section I just discussed deals with new entrants to the public service. Deployment deals with those already working within the public service. Deployment is what was previously known as "Transfer Exclusion Approval Orders". I am suspicious of anything with a name such as that. It must be trying to hide something. Perhaps not.

• (1630)

A transfer exclusion order was meant to facilitate the deployment of employees transferring from one position to another, either within the same category or group or into a lower category or group; for example, transferring a senior analyst from the Department of Health and Welfare to a senior analyst position in the Department of Finance. Under the Public Service Employment Act, such transfers are not currently permitted but will be under Bill C-26.

Where we find that this runs against the merit principle is that the transfers can be made without regard to qualifications and without regard to other possible candidates. The transfers are made by the deputy head. You might have wanted that other job, but this bill allows the deputy head to make these transfers.

Under Bill C-26, a deputy head within the public service will have the exclusive right and authority to make deployments. The employee being deployed must give consent to the deployment. However, if the employee accepts the transfer and then subsequently feels there has been an abuse of authority, there is no recourse other than to complain to the deputy head. And who is the deputy head? The very one to make the deployment!

To use the court analogy, the court gives you a decision and you then appeal back to that court, asking it to change its mind.

Deployment with consent does not seem to cause any problems. If any employee gives consent to being deployed to Vegreville, that is fine. However, there is some concern that deployment clauses will be written into contracts and job descriptions in the future, effectively taking away the consent requirement. For example: It is put in the contract or the description of the job. The person accepts that and they say, "You have already given your consent." The clause about deployment is in the job description and then you say, "I do not want to move to Vegreville. You have to have my consent." But they say, "We already have your consent. It was in the job description when you came into the department."

Job descriptions are reviewed every two years. Even though an employee does not have a deployment clause in his or her contract now, such a clause may be added once it comes up for review. That forfeits the guarantee in the bill.

Also, for new employees, will a deployment clause be written into the contract, leaving no room for the new employee to say whether or not he or she would agree to being deployed?

The government claims that the objective of the deployment is to give managers more flexibility to staff positions quickly and promote career development. However, deployment really gives managers more room to appoint their favourites, the favourites of their superiors, the government's own chosen, without regard to the merit principle. That is important, because it is without regard to the merit principle and without providing the employees with an opportunity to appeal. I repeat, "without providing the employees with an opportunity to appeal".

The Federal Court of Canada agrees that deployment runs against the merit principle. It is not just me who thinks that way. It handed down a decision in January 1992 in a case between the Public Service Alliance and the Public Service Commission on transfer exclusion orders, a fancy name for these transfers, which today are called deployments. The court maintained that the transfer exclusion order:

> . . . would permit the Commission to transfer a Public Servant from one job to another in a different Department, without having been determined to be the "best qualified" for the job.

As long as the Commission could find someone who was "qualified". Remember that it just has to be a "degree", or whatever it might be. No thought had to be given as to whether they were the best qualified. According to Judge Rouleau, whom I just quoted, the Commission:

> . . . has always maintained that sections 10 and 21 cannot easily be avoided, since these provisions were specifically legislated for the protection of Public Servants and for the promotion and maintenance of the merit principle.

In the action by the Public Service Alliance, Judge Rouleau also said that if he were to dismiss the action he would be "defeating the whole purpose and object of the Public Service Employment Act which is to ensure that appointments to the Public Service are made on the basis of merit."

This is not just some fanciful idea I have that the merit principle is attacked; that a stake is being driven into the heart of the merit principle by this legislation.

Since the government could no longer allow such transfers to take place following the discussion of the Federal Court, they decided to change the law with Bill C-26.

While the government promises it will not use deployment to promote employees, it could use deployment to move

favoured employees to favoured positions, including putting them in a position for promotion without regard to merit.

Senator Gigantès: Tories could not rise with the merit principle applied.

Senator Murray: That is the way the Liberals ran the merit principle.

Senator Frith: I am sure that has also been noted.

When Senator Bolduc spoke to the bill on December 3, he spoke of the categories of employees within the public service. He said that there are about 4,000 top managers; 25,000 professionals; 60,000 people in administration and middle management; 60,000 clerical employees; and about 25,000 technicians.

If I understand Senator Bolduc correctly, there will be fewer levels within these broad categories. If this is true, the power to deploy, which rests in the hands of the deputy head, will be a significant one because he or she will be able to move many more people within categories and levels to new jobs since the categories and levels will be larger than they currently are.

On the one hand, the government is assuring us that this power to deploy can only be used to move people within the same level, while on the other hand they are expanding the levels so they can move many people to many different jobs. Deployment is a great power being given to the hands of senior public servants.

Life in the public service, when this has been passed, will be much closer to life in the military where you do as you are told and the appeals are few when it comes to career choices.

Finally, there is the third of three parts. The focus of my intervention has been the merit principle and how it will be affected by Bill C-26. There were a number of amendments proposed in the other place which would go a long way to preserving the merit principle, both with respect to clause 10 of the bill and section 10 of this bill, which clearly establishes the merit principle; the amendment with the addition of subsection 2, which changes its effect; and deployment, which I have just dealt with.

In the committee in the other place Marlene Catterall proposed that section 10 be amended to ensure that only the best-qualified candidates be appointed to the Public Service. I keep having to harp on those words. We have to underline the difference between a qualified candidate and the best of the qualified candidates. She also proposed that clause 22, dealing with deployment, be amended to subject deployment to the merit principle. That is why our theme has been the merit principle. I recommend that the committee examine these and other amendments in light of Mr. Loiselle's comments about the merit principle. He assured Mary Clancy, who had

[Senator Frith.]

expressed concern for the merit principle in the other place, that the merit principle would remain intact. He said:

● (1640)

> Mr. Speaker, I hasten to reassure the hon. member since she makes such a fuss about this that the merit principle is not disappearing. Let her rest assured that the best qualified person will continue to apply on recruitment and promotion.

That is notwithstanding what we found in our examination and what a judge of the Federal Court found in the case to which I referred. I urge the committee to look at that matter.

As Mr. Ed Halayko of the Armed Forces Pensioners Annuitants Association points out, we had heard similar guarantees made by the President of the Treasury Board when we were debating Bill C-55. The minister promised he would not use the authority contained in Bill C-55 to make regressive changes.

In a letter written to me on November 6, 1992, Mr. Halayko quotes Mr. Loiselle:

> . . . it can be difficult to secure time on a busy legislative agenda to effect statutory change. The regulatory process is quicker and more flexible and allows for more timely respond to changing needs . . .

Mr. Halayk then goes to say about Bill C-55:

> Now that the bill has passed we do not really expect the government to honour its promises.

I think the people expect the government to honour its promises and the committee had better see that those promises are put on the record. Yet, we hear what those concerned with Bill C-55, the Armed Forces Pensioners Annuitants Association, found on that bill.

I venture to say that not many Canadians have any reason to expect this government to honour its promise given its record.

Mr. Loiselle also expressed that the purpose of the public service is to provide the best possible service to Canadians and again reassured us that the merit principle will continue to apply. He said:

> Merit, that is the selection of the best qualified person, will continue to apply on recruitment and on promotion. One must not forget that merit has never been an absolute concept.

Now we see it qualified.

> It has adapted to the various circumstances and social conditions throughout the years.

As Mr. Plunkitt had hoped for.

> For example, priority for appointment is given to persons facing lay-off. This is not merit. Preference is given to veterans. This is not merit. Canadian citizens, in certain instances and local residents are given preference. This is not merit. Therefore, it has never been absolute.

Here we go now with the qualifying examples. According to Mr. Loiselle, the merit principle will continue to apply but it is not absolute; merit when the boss thinks necessary but not necessarily merit. Perhaps we should ask the minister to come to the committee to clarify what he means by that statement. In what other circumstances will the government put aside the merit principle? Does the fact that it is not absolute mean the government will abrogate it through changes to section 10 and by allowing deployment, whenever it pleases. If not, what safeguards are there in the bill to ensure that it will not happen?

There are other issues in this bill which the committee should carefully study. Contracting out, which came up earlier, is a significant issue in this bill. The government has been increasingly contracting out service without so much as establishing that it is cost effective, although they say it is. Bill C-26 not only sanctions contracting out, but will allow managers to layoff employees because their work has been contracted out to the private sector. You are doing a job, you get laid off in order for there to be a contracting out.

This provision along with Mr. Mazankowski's wage freeze for the public service announced on December 2, will do great damage to the morale of public servants and leave them either scrambling to find a new job or begging to keep their present one. That warrants closer attention.

There is one other point. It has come up as a thread through what we have been finding in our examination of this bill; the Public Service Commission as an independent body advising the deputy head and finding the best person for the job. Concerns have been expressed that the Public Service Commission's role as an independent parliamentary agency will be jeopardized by Bill C-26. The committee should examine what the new role of the Clerk of the Privy Council, as the head of the public service, will mean to the commission. Will the PSC now be required to report to the Glen Shortliffe, instead of to Parliament? Will it do the bidding of Mr. Shortliffe instead of acting on its own accord, as an independent body. We should invite union representatives to appear before the committee. They will be able to isolate these issues and expand on the day-to-day effect the changes will have on their members.

The merit principle has been central to the functioning of our public service for over 70 years. This bill would damage the merit principle as it exists today. We owe it to Canadians to carefully scrutinize the legislation in committee in order to determine why the government believes that increased flexibility, the very thing that Mr. Plunkitt of Tamminy Hall wanted, in staffing decisions warrants the wholesale destruction of the merit principle. The principle has excellence and not mediocrity as its objective.

[*Translation*]

The Hon. the Speaker *pro tempore:* Honourable senators, if Hon. Senator Bolduc speaks now, his speech will close the debate.

Hon. Philippe D. Gigantès: Remember that he is a former deputy minister.

Hon. Roch Bolduc: Honourable senators, I would just like to speak on two points. First, Senator Frith, the Leader of the Opposition, said that clause 10(2) could possibly lead to non-competitive situations; that is, there would be no competitive exam for selecting people.

He forgot to tell us that this will only be done under the regulations of the Public Service Commission. Therefore it will not be at the deputy minister's discretion. It will be according to the Public Service Commission's rules. If the Public Service Commission issues a regulation whereby a selection or appointment can be made in some cases without a competitive exam, ranking the candidates in relation to one another, then the deputy minister can act, but it is not entirely at his discretion.

I want to say that because the Public Service Commission is there precisely to supervise the whole system in order to maintain the merit principle.

Hon. Royce Frith (Leader of the Opposition): That is something we must look into.

Senator Bolduc: I think it is very important to see that discretion can only be exercised within the regulations set by the Public Service Commission. That was the first point I wanted to raise.

Senator Frith: You agree that we can examine this issue with representatives of the Commission who will testify before the committee.

Senator Bolduc: Secondly, he said that people could be assigned anywhere in the public service. That is true. The present system is too rigid. The other day, I said that we almost had a sort of dual system.

● (1650)

[*English*]

On one side, we have a merit career system such as that at the Department of External Affairs. I am sure the ex-leader of the opposition is quite familiar with that through his experience with the various foreign affairs classes.

On the other side, we have a specific position plan as it relates to the structure of the classification. They want to take that second aspect and try to élargir les classes in order to have the same situation in other parts of the civil service as exists at the Department of External Affairs. That system is much superior.

I suspect that Treasury Board and the Civil Service Commission want the rest of the civil service to move towards that career system. It will facilitate deployment in the sense that an economic analyst could be taken from a group of economists at the Department of Health and Welfare and moved to the Department of Finance or the Department of External Affairs. Although that is possible in some instances, it is not possible for many classes. Diminishing the number of classes within a category will make it possible to move people to carry out

various job assignments. Presently, if a position involves two new, relatively unimportant duties, the applicant has to go through an examination or through the whole staffing process. Last year 300,000 of those individual processes were carried out. It is unbelievable.

Senator Frith: You do not look like Mr. Plunkitt, but you are starting to sound like him. "Flexibility", Mr. Plunkitt said.

Senator Bolduc: I am attempting to steer what I would call administrative discretion and to respect the merit principle. That is what the administration is looking for.

That is why it is a good bill. It is a bill that is far away from Tammany Hall and New York. In fact, it is because of Tammany Hall that there was municipal reform in the United States and after that in Washington and then in Canada.

The Hon. the Acting Speaker: Honourable senators, it is moved by the Honourable Senator Bolduc, seconded by the Honourable Senator Cogger, that this bill be read the second time.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

• (1700)

Motion agreed to and bill read second time on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins	DeWare
Beaudoin	Di Nino
Beaulieu	Doody
Bolduc	Doyle
Chaput-Rolland	Forrestall
Cochrane	Grimard
Cogger	Johnson
Comeau	Kelleher
Meighen	Rossiter
Muir	Simard
Murray	Spivak
Oliver	Twinn—31
Robertson	

NAYS

THE HONOURABLE SENATORS

Adams	Hastings
Bonnell	Hébert
Bosa	Leblanc
Cools	Lewis
Corbin	MacEachen
Davey	Molgat
De Bané	Olson
Fairbairn	Petten
Frith	Stewart
Gigantès	Stollery
Grafstein	Thériault—23
Graham	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

REFERRED TO COMMITTEE

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

On motion of Senator Bolduc, bill referred to the Standing Senate Committee on National Finance.

• (1710)

COMMITTEE OF SELECTION

REPORT OF COMMITTEE ADOPTED

Hon. William M. Kelly moved the adoption of the Seventh Report of the Senate Committee of Selection.

Report adopted.

CANADIAN NATIONAL RAILWAYS

MOTION TO ADOPT REPORT OF STANDING SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS CONCERNING DECISION TO SELL RAIL LINE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Oliver, seconded by the Honourable Senator Kinsella for the adoption of the Twelfth Report of the Standing Senate Committee on Transport and Communications (decision of Canadian National Railways to sell the main railway line between Truro and Sydney, Nova

Scotia), presented in the Senate on 23rd June, 1992.—(*Honourable Senator Macdonald, (Cape Breton)*).

Hon. John. M. Macdonald: Honourable senators, I know that it is rather late in the afternoon. I assure you that I will not take up too much of your time.

Honourable senators may recall that on December 11 last, Senator Graham, seconded by Senator Olson, moved that the Standing Senate Committee on Transport and Communications be empowered to inquire into and report upon the decision of the Canadian National Railway to sell the main railway line between Truro and Sydney in Nova Scotia.

That motion was carried. In due course, the committee made such a study, a very detailed study. The committee heard many witnesses and received and studied many briefs. It is the motion to adopt the report of that committee which is now before us.

On June 23 last, Senator Graham spoke on the motion to adopt that report. He took a strong stand against its adoption and gave many good reasons. It is to support his position today that I wish to make a few comments.

In general, the committee gave a qualified approval of the decision to sell that line. I do not propose to deal with the report in any detail as that has been done by Senator Graham. In my opinion, he is right in opposing the adoption of the report. I too, am strongly opposed to the recommendation that the line be sold. I wish to put my views on the whole matter on the record.

Since the committee made the report, the line has been sold, or agreed to be sold, to what is called Railtex Inc., a United States firm which operates various shortline railways. I understand various approvals have yet to be obtained.

The question was asked why the CNR wanted to sell this line, or any of the lines which it has already sold in Newfoundland and Prince Edward Island. The answer was that some years ago the Government of Canada directed the Canadian National Railway to be financially self-sufficient. That meant that it must operate at a profit, and that capital requirements would have to be derived from revenues or from the ordinary financial markets, not from the government. The government wanted a dividend to be paid.

So while it is a Crown corporation, it is operated in the same manner as a private corporation. It is interesting to note that though a crown corporation, the Government of Canada gave it such specific directions.

That rail line was not built as a business venture. It was built to provide a service and has done so. The CNR wants to get rid of that line, even though it is not losing money but is what they call "marginally profitable". I expect they anticipate it will not continue to make a profit.

Apparently, the motive of providing a service has been lost as far as the CNR is concerned. We saw that Crown corporation abandon Newfoundland. We saw it abandon Prince Edward Island. In Cape Breton, we saw it abandon passenger service. Now, the Sydney-Truro line is on its "hit" list.

The company buying that line claims they can make it pay and, at the same time, give as good a service at less cost; they will be able to make a good return on the $20 million they propose to pay for it. How can they do this? From my reading of the minutes of the committee, they claim their operating costs can be reduced in two ways.

Apparently, they think they can manage a non-union operation and be able to pay lower wages than the CNR pays. It will also do away with the classification system so an employee will not have security in his job. He could be an engineer today and a brakeman tomorrow. I do not believe that such a regressive step would ever work in Cape Breton. I certainly hope it will not.

Honourable senators, I am against the adoption of the report of the committee. I do not believe the decision to sell the line should be given approval, even with the conditions the committee attached to it. I believe we need the line for the public good. We should ask if the public good should override economics when the two are in conflict. I believe it should.

In this case, I think it is a serious mistake for the CNR to sell this rail line. I think it is a mistake to believe a rail line which was built for the public good and for economic and social development of a particular region, can be turned into a profit-making operation if the need for such a rail line still exists. It exists in this case.

I see no reason why direct government assistance should not be given. I do not have that veneration for private enterprise and privatization which seems to be coming more and more prevalent today.

Honourable senators, I deplore the sale of the Truro-Sydney rail line. I believe such a sale is detrimental to our present and future development. I believe it is against the public interest.

I would have liked the committee to have made a strong declaration condemning the sale. I would have liked the committee to have made a strong recommendation that the Government of Canada tell Canadian National Railway it must continue to operate that line even at a deficit and that such deficit would be paid by the Government of Canada.

Honourable senators, I cannot approve or support the adoption of the report.

Hon. Senators: Hear, hear!

On motion of Senator Corbin, debate adjourned.

• (1720)

ECONOMIC STATEMENT

INQUIRY—DEBATE ADJOURNED

Hon. Allan J. MacEachen, P.C. rose pursuant to notice of Wednesday, December 2, 1992:

> That he will call the attention of the Senate to the economic statement made by the Minister of Finance. He said:Honourable senators, as I indicated, I would like to

make some comments on the economic and fiscal statement made by the Minister of Finance on December 2, 1992.

Hardly a week has gone by since the statement was made, yet it virtually disappeared from the newspapers and from public discussion. One does not understand why, at this time of economic distress, the discussion of this document has been so short-lived.

Whatever interest the government may have had in the deep concerns of Canadians through remedial measures, that interest, it seems to me, took second place in the framing of the budget to the necessity of reassuring foreign creditors to ensure an inward flow of funds to finance public sector deficits.

The current Minister of Finance has less control than any of his predecessors over fiscal and monetary policy and exchange rate management because of a situation the government has overlooked or ignored in which, gradually, since it took office, it has been financing substantial portion of public sector deficits by foreign borrowings. I believe that, for the first time, the Minister of Finance has directly addressed this problem which has been developing for some years and highlighted it as a matter of concern in his fiscal and economic statement. This new situation which increases the vulnerability of Canadian policy to foreign influences is not an inheritance from his predecessors.

As honourable senators may recall, I have been raising this matter quietly in the Senate for some years now. I got the impression that no one else in the country appeared to be interested in what I was saying.

I have been raising it in the committee on national finance to a similar studied, silent response. Officials were certainly not forthcoming and ready to discuss the matter. They were not ready to engage in any dialogue on the matter and remained largely in their shells. For example, was interested in knowing whether discussions had been held with provincial governments to seek ways and means of limiting their tendency to finance their deficits abroad. That did not elicit any interest, as far as I could make out, nor any response.

The Minister, however, in his statement, dealt with this subject in very serious terms, and I quote him just very briefly:

> Excessive government deficits—both federal and provincial—have contributed to a level of net foreign debt far higher for Canada than for any other G-7 country. This large net foreign debt—public sector and private sector—means that Canadians paid more than $22 billion in interest last year to foreign lenders. That is money that Canadians can't use to develop our economy.

Honourable senators may recall that, in a number of my earlier speeches, I drew a distinction between investments from abroad and productive activities in Canada which would contribute to the wealth of the country and which would obviously be of great value to our development. In fact, that is how Canada did develop and undoubtedly will continue to develop, through that in-flow of investment capital.

But this is quite a different phenomenon as the Minister, quite correctly, points out. Last year $22 billion went out to foreign lenders, money that cannot be used by Canadians to develop the economy.

He then goes on to say, at the end of 1992, nearly a quarter of federal debt was held abroad. Reliance on foreign savings makes both the Canadian government and business vulnerable to the vagaries of foreign financial markets.

Honourable senators, I will not quote at any length the comments I made in the Senate three and a half years ago on June 21, 1989, when I referred to this problem and drew from it some of the implications which have now been expressed several years later by the Minister of Finance in his economic statement.

However, I will make one direct quotation, as follows, from a speech which I made on third reading, I believe, of a borrowing bill on June 29, 1989:

> In 1983, for example, $11.8 billion in government securities were held by non-residents, and that has increased to $50.5 billion in 1988. Honourable senators, that is a dramatic increase, and one must take note of it.

I attempted on one occasion to interest the Minister of State for Finance when he appeared before the Senate finance committee in connection with the debt service and reduction account bill.

● (1740)

I had several questions about the extent of Canada's foreign indebtedness. He did apologize quite courteously for being unprepared to answer them, complaining that the questions more aptly referred to the borrowing bill. However, it is not to make that point that I mention his appearance, but to make another point related to his comment which is as follows:

> If my memory serves me correctly, offshore borrowing is only about 3 or 4 per cent of our total borrowing. Approximately 21 per cent of our funds that are borrowed are held by foreigners but they are held in Canadian funds. In other words, they buy Canadian funds or T-Bills here in Canada in Canadian funds. There is very little going offshore from the federal government as far as borrowing is concerned.

It was a disarming comment because it would lead to the inference that because the securities are held in Canadian dollars, there is no ill effect. Of course the debt service charges on debt held by non-residents is money, as the minister has pointed out, that is flowing out of the country. If those bonds were all held by Canadians, the interest payments made by the government would be income in Canadians' pockets and would either be spent and add to demand in the economy or become part of Canadian savings.

But what does the foreign investor or creditor do with his yield on Canadian bonds? He takes it as income, converts it to his own currency, and spends it or saves it in the country of origin. It may be unnecessary to point out that the danger of relying heavily on foreign borrowing is that Canada is vulnerable to pressure on the exchange rate. As Canadians we now have to take into account the concerns of our foreign creditors, lest they get nervous and sell out which will either drive the value of the dollar down or drive interest rates up, or both.

I suspect that the foreign investor now has his hand on the shoulder of Canada's Minister of Finance in a way that has never happened before. In the early 1980s, the level of foreign ownership of the debt was below 10 per cent of Canadian government debt. On one estimate of the unmatured debt of Canada, it is now more like 25 per cent.

In 1984, rather than borrowing heavily we were reimbursing our foreign debt because at that time our savings rate was at 7 per cent or more. It is a changed situation. It is one that has been identified now by the government in the economic and financial statement as an important one, but the minister has not indicated whether he thinks there is anything we can do about it to arrest our dependence, and particularly that of the public sector, on borrowing to finance current consumption in the form of financing the deficit.

It was a matter of interest to me to notice, on this occasion, a surge of interest in this particular problem which I had not detected in the same way before. Maybe I missed something, but I had never heard it put as directly as it was put by the treasurer of the Montreal-based Laurentian Bank. An article in the *Globe and Mail* reads in part as follows:

> "Because one-third of the government's huge debt is held by foreigners, Canada must constantly attract capital into the country", he said. He warned that if foreigners get spooked by a rising deficit, they will demand higher interest rates, and all Canadians will pay.

One is entitled, I believe, to speculate that the principal purpose of the economic and fiscal statement was an effort on the part of the minister to allay the concern of foreign investors and creditors, in the face of the numerous reports that the deficit was $6 billion or $7 billion above target. Some action had to be taken to allay their fears and concerns. If one looks at the fiscal and economic statement in a detached way, I think one must conclude that the principal purpose was not to reduce the deficit, but to bring it down from the very high level to which it had risen above the projection made by the minister in his February budget.

That, it seemed to me, was not done to achieve an impact on the Canadian economy or to stimulate growth, because most of us believe that the impact of the fiscal and economic statement generally on the economy will be marginal if not neutral. So that may be the explanation for the timing of this particular economic and fiscal statement. However, apart from that argumentation, the problem of foreign indebtedness is there.

I heard Sylvia Ostry, the former head of the Economic Council of Canada, who is well experienced in international fiscal matters, say:

> We have a $300 billion foreign debt, a larger foreign debt to GDP ratio than Brazil and we don't have much room to manœuvre on monetary policy because the financial markets know how indebted we are.

I have just one more reference to make, and that is to an article that appeared on December 4 in the *Globe and Mail*, written by Mr. Tremblay who is identified as an economist at the University of Montreal and a former Quebec Minister of Industry and Commerce. He makes the following comment:

> Similarly, the Bank of Canada cannot afford to be perceived as lowering interest rates too fast, because foreign creditors will dump the Canadian dollar and set off a resurgence of inflation.

He goes on to make the following, very important comment:

> One of the most disruptive features of the past few years has been the damage done to the private sector by provincial governments and their agencies, which borrowed record amounts of money abroad. By doing so without co-ordination, especially in 1991, they helped push the Canadian dollar to unsustainable levels, and destroyed many jobs among private exporters and companies trying to compete with imports.

These are all very significant comments made by a number of experienced people. One is forced to ask what policy stance Canada should adopt in response to this particular phenomenon which, if it grows, is going to constrict more and more the freedom of action of the Canadian Minister of Finance.

• (1750)

Mr. Tremblay made a suggestion in his "Eight steps toward a productive economy". The suggestion was that a monitoring agency be set up with the provinces for the purpose of monitoring and coordinating the use of foreign borrowings by provincial governments and provincial agencies. As we know, they have been borrowing heavily. It may be that the federal government borrowings for the deficit have decreased. If so, the provincial governments have increased their borrowing. This is a qualitative difference in the danger of high deficits, because the benefits to Canada are temporary and the long run disadvantages are substantial.

Honourable senators, the government has from the very beginning, established the reduction of the deficit as a principal priority. One has to say that there is no prospect in the fiscal and economic statement made by the Minister of Finance that the deficit is to come down; quite the contrary. The deficit problem is as substantial as it was when the government took over in 1984.

The former minister of finance told us in a statement on November 8, 1984, that "With this set of projections and no policy changes, the deficit for this year would be $34.5 billion." Later he said, referring to the increase in the deficit,

"This is what we inherited . . . If we don't take action [the situation] will be even more serious by 1990".

Well, by 1992, the situation is just about as serious as it was when the minister of finance made his statement in 1984. This will always be a matter of contention, but the actual deficit for that particular year turned out to be $38 billion. Which ever figure you take, it is a benchmark that must be faced in assessing the contribution the government has made to the achievement of the principal priority which it set in 1984.

I have applauded and acknowledged in the past the significant progress made in the reduction of the deficit to a level of $28 billion in fiscal year 1987-88, because that was the actual deficit for that year. The projected deficit this year is $34.4 billion. That is a difference of nearly $6.5 billion.

Mr. Mazankowski became the Minister of Finance on April 21, 1991. He inherited a deficit from the former minister of $30.5 billion. His first deficit was $34.6 billion in fiscal 1992. It is now projected to be $34.4 billion in fiscal 1993. This last figure is up from Mr. Mazankowski's own budget in February of this year when he projected the deficit for fiscal 1993 at $27.5 billion. That is a difference of $7 billion. Those are the facts.

The minister, in his statement, has had to accept, is bound, forced or is ready to accept—however you wish to put it—the high levels of deficit for this year and next. One might conclude that he has concluded that the deficit is an insoluble problem.

To judge the government by its record on the deficit—how well it addressed its principal priority—is to judge it harshly because, by its own goals, it has to be branded as a failure. It must be a disappointment to the government because I am satisfied that there was a solid intention in 1984 to do something about the deficit.

Before I finish, I want to come back to that point: Why has the government failed to address these concerns? The Prime Minister has an easy way out of this problem, if he is quoted correctly in Saturday's *Globe and Mail*, by saying in Winnipeg that the federal deficit, under a Liberal government would be $82 billion instead of $34 billion, as it is now. That is one of a number of gambits now employed to divert attention away from the fact that the deficit today is substantially the same size as the inherited Liberal deficit.

We have had various estimates of what the Liberal deficit would have been if the Liberals had been in office for eight years. Mr. Wilson said on November 4, 1984, that the deficit would have reached $50 billion annually by the early 1990s under the Liberals. That is what he said. The present minister, in his statement on September 18, 1991, changed that figure to $100 billion.

Senator Gigantès: That is $50 billion for Vegreville.

Senator Thériault: The Prime Minister is known to sometimes exaggerate.

Senator MacEachen: The Prime Minister does not round the figure off. There is $50 billion; there is $100 billion. The Prime Minister, however, is more precise. The figure is $82 billion; not 80 or 90. It is $82 billion.

Senator Gigantès: I write fiction too, sir.

Senator MacEachen: I was somewhat amused by these efforts. The Prime Minister must understand that it is difficult for a minister of finance—any minister for that matter—to predict the current deficit with any accuracy several months down the road. Yet he can do it with assurance for an eight-year period, projecting the existence of a Liberal government attempting to read its mind.

There it is. The deficit is as big as ever, as big as life, and a big disappointment to the government, no doubt, especially now that foreign investors are peering over their shoulders; more than peering, taking them by the neck and shaking them.

"Be careful. We are watching".

The minister made progress—$28 billion—and then it dissipated. The size of the deficit, honourable senators, has a great deal to do with economic performance and with the economic management by the Minister of Finance and the government. There has been very little discussion about economic management. The deficit has been discussed almost in a back room as if there were no relationship to it. A very strong relationship does exist.

• (1800)

Concerning the 1991 budget, in April 1991, I discussed the failed economic management of this government in some depth—at least what I thought were the mistakes and where the errors were made—which put them off the track.

The first major error is that the government failed to detect—and if it detected it then it failed to act on it—the inflationary pressures that developed in the Canadian economy in 1988. It is easy to establish, through the objective analysis of the OECD in its analysis of Canada in 1991, that by 1988 inflationary forces were taking hold in the Canadian economy. In fact, the OECD says that intense pressures on resources were evident in the late 1980s and by 1988 the resulting inflationary pressures were seen by the authorities as a threat to satisfactory medium-term performance.

They may have been seen, but no action was taken. Why? One might be cynical enough to suggest that the upcoming election was a significant factor in the decision of the government not to alarm the country. In 1988, as I put on the record before, the Minister of Finance was issuing soothing messages to the Canadian people about how well the government was on track and how well the medium-term, realistic plan announced in 1984 was proceeding.

The development of this inflation was not a Liberal inheritance. It developed under the noses of the government, though they chose to ignore it until after the election. We have been paying for that ever since. We have been paying for it because of the delay in tackling the inflationary problem.

It was not until 1989 that the Minister of Finance turned his mind to this problem, and it was not until the June 1989 budget that he targeted inflation as a priority. But the Canadian economy was already teetering on the verge of the recession. The policy of attacking inflation belatedly, through aggressively high interest rates, pushed the economy over the brink.

It is possible to establish that. If you looked back, you would find that the peak of short-term interest rates occurred at about the onset of the Canadian recession. They were too late in detecting the inflationary pressures which developed under the very eyes of the ministers. We then had the aggressive, high interest rate policy that helped to put the country into a recession.

I am sorry, honourable senators. I was aware it was late in the day when I started to make my comments, but did I not want to go beyond 6 o'clock. I should like to cease here.

Senator Murray: Are you moving to adjourn the debate?

Senator MacEachen: Yes. I will adjourn the debate and return to it at the first opportunity.

The Hon. the Speaker: Honourable senators, I was so engrossed in the speech I was remiss in asking for unanimous consent after the first 15 minutes. I apologize.

On motion of Senator MacEachen, debate adjourned.

The Senate adjourned until tomorrow at 1:30 p.m.

THE SENATE

Wednesday, December 9, 1992

The Senate met at 1.30 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

THE HONOURABLE CLAUDE CASTONGUAY

RESIGNATION FROM THE SENATE—NOTICE AND TRIBUTES

Hon. Claude Castonguay: Honourable senators, in September 1990, the Prime Minister invited me, as he did several of our colleagues, to become a member of this house. After giving the matter some thought, I accepted his invitation, as I hoped I could play a useful role in resolving constitutional issues. However, my appointment to the Senate did upset some plans I had discussed for some time with my colleagues in the *Groupe la Laurentienne* and especially with my wife.

From 1977 to 1990—part of the time with our colleague, Senator Jean-Marie Poitras—I had the privilege to work in various capacities with the board of the *Groupe La Laurentienne*. It was a fascinating experience to see how *La Laurentienne Mutuelle de Québec* turned into a strong and dynamic financial services group, doing business across the country and in the United States, Great Britain, the Bahamas and Hong Kong. However, the demands of a busy schedule and the frequent travelling involved were particularly trying for my family.

For these reasons, and in order to provide for a smooth transition, I decided to resign as chairman of the board at the age of 60. I would go back to consulting, to pursue that aspect of my professional career. I felt this would be a way to maintain a better balance between useful and interesting activities and my personal and family life.

When on October 26 the constitutional question was postponed indefinitely, like many others, I reviewed my position. After weighing the pros and cons, I concluded that the time had come for me to revert to my initial plan, which was to go back to consultancy. Since I didn't think it would be wise to try and reconcile this type of activity with my position as a senator, I also concluded it would be necessary to resign from the Senate. I may recall that in 1990, I made it clear upon entering this House that I did not necessarily consider my appointment as having any degree of permanency.

I admit it was a difficult decision to make, because I considered it an honour to sit in this House. The past two years also gave me an opportunity to get to know some of you a little better and to make new friends.

Before I leave, I would like to make a few comments on the referendum held on October 26.

Canadians were relieved when they heard the results. In fact, they could not be interpreted as a rejection by Quebec, the aboriginal people or any one group. The worst was averted. However, we must realize that the real problems addressed by the Charlottetown Accord have not been dealt with.

Of course, the economic situation and the nation's finances demand that our political leaders at all levels concentrate on the economic recovery and reducing government deficits. Given the size of the problems, the situation can improve only gradually and will take a great deal of time, effort and discipline.

The constitutional question could not be reopened in such a context, even though some aspects of it are very likely to resurface fairly soon. In Quebec, for example, it seems likely that Quebecers will have to decide at the next provincial election on keeping Quebec in Canada or independence. Another example: despite the "no" vote on October 26, the native issue obviously could not be postponed until any future resumption of constitutional discussions.

I share the opinion of those who believe that it is possible, without distracting our political leaders from their primary concern, to make progress on several of these issues without amending the constitution. In a speech I made in September, before the referendum period, to a committee of the Quebec National Assembly, I said:

> The constitution has had limited influence on our development in Quebec over the past 30 years —

And I said:

> — we can expect this situation to be the same in future.

I still believe that progress can be made without revising the constitution.

Here, briefly, are some avenues that I think could be taken without going against the referendum result, which is open to many interpretations in any case.

In the past several years, many senators have put forward some very valid proposals for Senate reform. Adopting some of these proposals could restore the Senate's legitimacy and credibility.

I am thinking in particular of election or appointment of senators for a time-limited term through an open process, and of changes to the rules in order to give senators more independence.

Concrete results would certainly flow from an energetic effort to identify and eliminate duplication in the programs and regulations of the two levels of government. At a time

when it is urgent to find ways to reduce public spending it is hard to believe that Canadians could object to such an approach.

The elimination of trade barriers between the provinces must be pursued vigorously. Indeed, Canadians can only benefit from the creation of a real domestic common market.

Given its very great importance for all Canadians, especially the young and the unemployed, the improvement of manpower training programs and policies must be pursued in close cooperation with the provinces, since they have jurisdiction over education. In view of the recession, such an effort is even more urgent.

In certain fields such as the environment and telecommunications, a concerted effort to harmonize effort of the policies and regulations of the two levels of government could only bring about positive results which would benefit all businesses and individuals.

Even if this appointment is not going to take place tomorrow, people would react positively if it was agreed that the appointment of the next Governor of the Bank of Canada would be subject to a consultation and review process in which the Senate could be called upon to play a leading role.

As for aboriginal issues, it would be useful if the Dussault-Erasmus Commission could submit its report section by section, which would simplify and speed up the search for solutions.

Other issues covered by the Charlottetown Accord also deserve further reflection. I am thinking of the invaluable role that could be played by some of our Canadian think tanks and research organizations. For instance, it would certainly be useful to consider the contradiction between the concept of provincial equality and Quebec's distinct identity. If we want to get out of this impasse eventually, we could, for instance, consider whether a Canada based on five large regions, that would be far more equal in every respect, could be the way of the future. I would like to see organizations like the Institute for Research on Public Policy, the C.D. Howe Institute and the Canada West Foundation, to name only a few, getting involved in this kind of exercise.

If we could make some progress in a number of areas, the extremely negative climate prevailing today could certainly improve. Perhaps some day, we could even consider a number of constitutional amendments, supported by a majority of Canadians.

Finally, I am convinced that what Canadians need very badly is information. Many do not know the history of our country, the principles on which it was founded or the history of those by whom it was explored, settled and developed it.

Not only do we not know our own history, we do not really know each other as Canadians, in a country that is so vast, with regions that are so different. Consider the distance separating someone on Prince Edward Island from a rresident of Vancouver Island. It is therefore not surprising to find such diverse and opposite views and such a variety of different groups, each with their own specific concerns. If Canadians are to focus more on their country than on their particular regions or concerns, if they are to develop, like our neighbours to the South,a sense of pride about Canadian, they will have to be better informed. By developing a sense of belonging, it will still be possible to reverse the present trend towards balkanization.

In concluding, I want to thank the Prime Minister for the honour he bestwoed on me when he invited me to sit in this house. I want to thank those colleagues who have been understanding with me and I very sincerely wish you success in your work.

Hon. Lowell Murray (Leader of the Government): Honourable senators, we were very sorry to learn today that Senator Castonguay has decided to leave the Senate. Personally I am not surprised with this decision because our colleague told me a while ago that he thought his term in the Senate whould be relatively short.

Today we are losing one of the pillars of our institutions. Quebecers in particular, but also fellow citizens in other provinces, have come to know this man well, because he has been a public figure since the 1970s. As a member of royal commissions, father of the medicare system in Quebec, member of the National Assembly, Minister of the Crown, business leader, Mr. Castonguay has played important role in Quebec and Canadian society for more than two decades. He has been a prominent figure in the great debates of our times. He was able to gain the confidence as well as the great respect of Canadians.

As I told him in private, a man of his calibre has the right to retire when he sees fit to do so. Many Canadians are familiar with Claude Castonguay, the public man, but here in the Senate we had the privilege of to knowing the person and appreciating his invaluable human qualities, his courtesy, his levelheadedness, as well as his respect in dealings with his colleagues. His calm voice will be missed during our debates.

Fortunately, Senator Castonguay leaves us at a time when he is still in full possession of his skills. He is ready to face new challenges if he so wishes. On behalf of the government and on behalf of your fellow senators, I thank you, Senator Castonguay, for your important contribution to the building of our country, not only as senator but throughout your brilliant career. I wish you health and long life and may God bless you.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I must start by acknowledging that Senator Castonguay has had an influence in my life, even though he is neither a friend nor a close acquaintance. I could better describe his influence on my life as the one a celebrity would have.

I remember that during the Laurendeau-Dunton Commission, Mr. Laurendeau, Mr. Jean-Louis Gagnon, Mr. Lacosse and others referred to Mr. Castonguay. At that time, if I recall, he was a well-known businessman and politician. He had a deep interest in the Constitution and, as I said, generally speaking, in politics.

I must add that at the time he was also known as a Liberal. Therefore, I was quite surprised one day to find myself in here with Senator Castonguay and to see him on the other side of this chamber and I wondered:

[*English*]

"What's he doing over there?" And I listened when he spoke. Except for the fact that he supported the government, I was able to detect traces of his original faith in some of the things he said. I always cherished the hope that his stout Liberal heart would finally withstand the Tory venom. Perhaps it has. I will not read anything more into what he has said today than that, but I would like to bid farewell to him.

Senator Molgat: He just cannot stand them anymore.

Senator Frith: Maybe that is it. I would just as soon he did not tell me that that is not the reason he is leaving. I would love to think that the reason he is leaving is because he cannot stand being on that side any longer.

We were informed this morning that Senator Castonguay would be retiring from the Senate. He has had a long and dignified record of public service. He was first elected to the Quebec National Assembly in the general election of 1970. He was Minister of Health from 1970 to 1971. He went straight into the cabinet, as I recall, and the newspapers attributed the parenthood of medicare in Quebec to him. In subsequent stories, he was often referred to as the father of medicare in Quebec. He held the positions of Minister of Family and Social Welfare and Minister of Social Affairs from 1971 to 1973.

Those years in the Quebec government gave him his first opportunity to participate in federal-provincial constitutional consultations. I had maintained my interest in these matters even after the Royal Commission on Bilingualism and Biculturalism had reported, because one of my clients became the first Commissioner of Official Languages. Therefore I continued to have an interest while Senator Castonguay was playing a very large role in constitutional affairs at the time. If I am not mistaken, he went to Victoria in 1971 with Premier Bourassa.

Then he left provincial politics and entered his business period. It is not that he had been unconnected with business previously, but he became well known because of his involvement in the Laurentian Group in Quebec. He was chairman of the board of directors of the Laurentian Bank of Canada and the Laurentian Capital Corporation, and director of Laurentian Financial Incorporated and Laurentian General Insurance, among others.

• (1350)

Senator Castonguay was quietly admired in the business community. My recollection is that he never abandoned his interest in constitutional affairs, because I can remember he was a frequent guest speaker at functions of chambers of commerce and was popular with business organizations. Without diminishing his prestige as a businessman, he was, and will always be, linked in that period with constitutional affairs.

[Senator Frith.]

Perhaps the fact of the matter is that if he made speeches in which he did not make some reference connecting business and constitutional questions, they were not as widely reported as the ones in which he did speak out clearly as to his opinions on that subject.

Senator Castonguay is a Companion of the Order of Canada, and he received the George Findlay Stephen award at the Canadian Hospital Association followed by the McGill Management Achievement Award in 1986 and the B'nai Brith Canada 1988 Award of Merit. He was appointed Officier de l'Ordre National du Québec in 1991. Perhaps his most colourful award was the "Great Montrealers" award—an award he received in 1990 as one of three, one of whom I know, Denys Arcand the filmmaker, the other member of the trio being Sister Denise Lefebvre.

Although Senator Castonguay pursued his career in the private sector, he did not stray very far from public life. He was active in supporting the Meech Lake Accord and free trade in Quebec. You will understand if I say little more about that because this is not the time to underline our differences. However, no one will be surprised to know that we were on opposite sides on both of those questions, as were all of my colleagues on this side.

When he was summoned to the Senate in 1990, Senator Castonguay took his political opinions from the private sphere back to the public sphere. He was co-chair of the Senate-Commons parliamentary committee on the Constitution, not a surprising appointment considering the background I have outlined. I am sure many of you probably know more about that than I do. He had many opportunities to participate in the ongoing debate on the Constitution. We recall that he was required to step down because of illness.

I may not always have agreed with Senator Castonguay and his ideas—although I agreed with him more when he was a Liberal—including his ideas on the acceptability of user fees in medicare, but, as I said earlier, he did bring an important perspective to this chamber, and we benefitted from the wealth of his experience during a distinguished career.

We on this side wish Senator Castonguay the best of success in his future endeavours. As I say, I was surprised when he was sworn in and walked down to his chair that he turned to the right instead of to the left. We were ready to welcome him on this side, but we could not talk him into it. We tried to talk Senator Chaput-Rolland into the same turn when she was sworn in, but she turned her back on us. I have a feeling that both of them had already given their undertakings.

We wish Senator Castonguay good luck and a happy and prosperous future, and I underline "prosperous". I am sure that will take care of itself, considering his business acumen. In particular, we wish him a healthy future. We were sad to learn that he had suffered a bout of illness that required him to withdraw from the front line of the constitutional debate.

Hon. Senators: Hear, hear!

Senator Frith: I would just add the hope that if a replacement is made, whoever replaces Senator Castonguay will be like him; a Liberal, who comes to the correct side this time.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, it is the 18th day of the government's contemptible and contemptuous behaviour towards Canadians—"contemptible" is my word; "contemptuous" is Senator Murray's word—18 days of contempt for the democratic process and 18 days of political cowardice, running concurrently, not consecutively.

Again we call—and we will continue to call—on this government to show some courage and respect for democracy by calling an election now.

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

CONSIDERATION OF BILL C-86

Hon. Jacques Hébert: Honourable senators, I would like to pass on to my colleagues copy of the letter I just sent to the rare witnesses whom the Conservative members of the Social Affairs Committee are willing to invite to discuss Bill C-86, or rather pretend to discuss.

Dear Sir/Madam:

Yesterday, during an organizational meeting of the Social Affairs, Science and Technology Committee, Senator Consiglio Di Nino, the Conservative sponsor of the Immigration Bill (C-86) in the Senate, told the Committee that its deliberations should be concluded by Monday, December 14th. His announcement showed that the Conservative members had already decided to ram the bill through the Senate before the December 18th adjournment.

It was, of course, crystal clear!

When it thus became clear that the government had no intention of holding meaningful hearings on the Immigration Bill, Liberal Senators decided that they could not participate in a charade designed solely to create an illusion of participatory democracy.

Through the Committee had pre-studied the legislation, the bill now before it is fundamentally different in view of the 87 amendments adopted by the government in the House of Commons.

Consequently, this "new" bill demands thorough study, something that the Conservative members of the Committee refuse to allow.

Furthermore, their demand that potential witnesses improvise a brief on as little as 24 hours notice, is an abuse of Committee procedures.

In these circumstances, Liberal Senators concluded that their participation would only help legitimize a process that is fundamentally corrupt.

If you are one of the chosen few who have been invited to testify, Liberal Senators regret that they will not be present at the Committee during their testimony, particularly since they share so many of your concerns about this deplorable legislation. Unfortunately, their participation would have made them accomplices to a grotesque hoax the government is pulling on Canadians concerned with the world-wide plight of refugees.

BANKING, TRADE AND COMMERCE

SPECIAL STUDY ON INSURANCE CORPORATION—NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO POSTPONE FINAL REPORT

Hon. Jean-Marie Poitras: Honourable senators, I give notice that on Friday next, December 11, I will move that notwithstanding the orders of reference adopted by the Senate on December 17, 1991, June 23, 1992 and September 11, 1992, the Senate Standing Committee on Banking, Trade and Commerce be authorized to table the final report on the special study on the Canadian Deposit Insurance Corporation, the Canadian Life and Health Insurance Compensation Corporation and the Property and Casualty Insurance Compensation Corporation no later than March 31, 1993.

SPECIAL STUDY ON DRAFT REGULATIONS—NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO POSTPONE FINAL REPORT.

Honourable senators, I also give notice that on Friday, December 11, 1992, I will move that notwithstanding the order of reference adopted by the Senate on December 17, 1991, June 23, 1992 and September 11, 1992, the Senate Standing Committee on Banking, Trade and Commerce be authorized to table the final report on the special study on draft regulations ensuing from the new legislation on Canadian financial institutions, no later than March 31, 1993.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 508 citizens of Alberta who oppose the goods and services tax.

These petitions come mainly from Fort McMurray, Edmonton, Calgary, St. Albert and Sherwood Park.

Honourable senators, I also have the honour to present petitions signed by 480 citizens of Quebec who oppose the goods and services tax.

These petitions come mainly from Chicoutimi, Howick, La Présentation, Ste-Madeleine, Rougemont, Ste-Rosalie, St-Joachim, Ste-Anne-de-la-Rochelle, St-Damase, St-Hyacinthe,

Bonsecours, Laurenceville, Pincourt, Montreal, Granby, Vaudreuil, St-Léonard, Val d'Or, Drummondville, St-Césaire, Huntingdon, St-Félix-de-Valois, Lachine, Mansonville and Sutton.

These petitions were signed in October 1992, in case Senator Murray is still interested.

In all, 988 citizens protest vigorously against a regressive tax that is unfair to ordinary people for whom the present government has nothing but contempt.

• (1400)

ROUTINE PROCEEDINGS

[*English*]

OFFICIAL RECORD

CORRECTION TO HANSARD

Hon. Lowell Murray (Leader of the Government): Honourable senators, may I take a moment to make a correction in the *Debates of the Senate* for Tuesday, December 8. At page 2349, in the course of an exchange with Senator Hays on the question of the multilateral trade negotiations, I am quoted as saying:

> Opposition to Article XI is as it has been. We are seeking a strengthening and clarification of that article as a result of the current round of multilateral trade negotiations.

The word "opposition" is incorrect. What I said was: "Our position on Article XI is as it has been."

QUESTION PERIOD

TRANSPORT

PROPOSED UPDATE AND EXPANSION OF TERMINALS AT PEARSON INTERNATIONAL AIRPORT—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, one gets the impression that this government is tidying up and completing a lot of iniquities before it leaves power.

I would ask the minister to focus on the recent awarding of a huge contract to a consortium with government connections, but not solely with government connections, to increase capacity at Pearson airport, at a time when the Minister of Transport is saying that there is a problem of overcapacity in the Canadian airline industry.

We have an overcapacity in the Canadian airline industry, yet the government decides, before it is thrown out, to increase significantly the capacity at Pearson airport with a huge contract, at a time when Terminal 3, which is run by part of the consortium, is losing money. How will that contribute to the building of a viable airline industry? We already know how it will contribute to the coffers of the bidders and the contractors.

[Senator Hébert.]

• (1410)

Hon. Lowell Murray (Leader of the Government): Honourable senators, surely the honourable senator and others here who are frequent travellers in and out of Toronto are aware of the serious congestion problems we are experiencing at Pearson International Airport.

Senator Frith: Not at some terminals, such as Terminal 3.

Senator Murray: In the past, there have been serious congestion problems. The goal here is to have the capacity in place when we need it. This does not happen overnight. I would have thought the Honourable Leader of the Opposition would congratulate us on our exquisite sense of planning.

Senator Frith: You would have thought wrongly, then, because the problem at Pearson is a problem essentially of air traffic, a problem that is somewhat diminishing because of the over-capacity in the industry that the Minister of Transport has talked about.

Terminal 3 is certainly not excessively busy; in fact, it is losing money. Apparently, however, that terminal is to be the pattern for the additions. We know the new system will benefit the persons who are the successful bidders. However, in spite of the fact that the government will be giving up some revenue thereby, is there any way that the taxpayer and the travelling public will not be picking up the slack?

Senator Murray: Honourable senators, all I can say to that is that the business community needs time to develop the next stage of the project, and proposals that were received from various parties were rigorously analyzed and reviewed by a team that included support from private sector financial, technical and business authorities. Before the next stage of the project, the developer will have to satisfy the government that a realistic plan, consistent with the present economic environment of the airlines, has been worked out between all the parties.

Senator Frith: Honourable senators, to borrow a phrase from the leader, I thought that might be the answer. Again, we find that the business community is satisfied with this development. I was asking a broader question about airline capacity and the travelling public. It seems we will be getting the worst of that one.

EMPLOYMENT AND IMMIGRATION

REQUEST FOR FORECASTED UNEMPLOYMENT FIGURES FOR 1993-94

Hon. Royce Frith (Leader of the Opposition): I have one other question based on the increasing unemployment rate in this country, and the unfavourable comparison of our unemployment rate with that of the United States. Some 1,200 persons are being laid off in Windsor, 800 were laid off at GM in St. Catherines recently, 10,000 were laid off across Canada by

CN, 2,000 at Dofasco in Hamilton, 500 at Pratt and Whitney in Montreal—all for whom the recession is really just beginning. Will the minister have his colleague the responsible minister make public and bring to the Senate the forecasts for the relevant department in 1993 and 1994?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am reasonably certain that the Minister of Finance made a projection in his recent economic statement relating to the expected unemployment rate for 1993, if not for 1994. I share the concern of the honourable senator regarding the still unacceptably high level of unemployment in this country. I had hoped he would have taken a more positive attitude toward the proposed redevelopment at Pearson International Airport, which will create many thousands of person years of employment in an area and industry where it is badly needed.

THE ECONOMY

CONVENING OF FIRST MINISTERS CONFERENCE—GOVERNMENT POSITION

Hon. H. A. Olson: Honourable senators, perhaps I might ask the Leader of the Government a question. It is prompted by a front page story in the *Financial Post* that premier-designate Ralph Klein will be meeting with the Prime Minister on Monday. My question is: Will the first ministers conference on the economy, the one the Prime Minister promised to call immediately after the referendum of October 26, be called soon? So far, the Prime Minister has not called such a meeting, in spite of all the undertakings given. Indeed, premier-designate Ralph Klein has indicated that the main purpose of his meeting with the Prime Minister is to set up that first ministers meeting.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I must confess that I have no information on the rumoured meeting between Mr. Klein and Prime Minister Mulroney. With regard to a first ministers conference, I can only tell the honourable senator that there are no plans to hold such a conference in the near future.

Senator Olson: Honourable senators, I surely hope that the Prime Minister meant what he said, that some effort would be made by the federal government and all other first ministers to deal with unemployment and other matters now that the constitutional question is out of the way.

There is to be a meeting of finance ministers before Christmas. In view of the lame effort made in the most recent mini-budget or economic statement which has failed to do anything about improving the Canadian economy, perhaps the minister could tell us whether or not the government intends to keep its word, and convene a meeting with all 11 first ministers, in an effort to do something about the depressed state of the economy in Canada?

Senator Murray: Honourable senators, with regard to my friend's characterization of Mr. Mazankowski's economic statement of December 2, I can only invite the honourable senator to take part in the debate on that matter which has already been launched by our colleague Senator MacEachen.

Senator Olson: What I say does not help anything; it is what the government does that is important.

Senator Murray: I will be interested to hear not only his analysis of the economic situation and of Mr. Mazankowski's statement, but also the alternatives, if any, that he and his party have to propose.

Senator Frith: They want you to solve their problems for them.

Senator Murray: Second, honourable senators, I can only repeat what I have said: We have no intention of holding a first ministers conference in the near future. We are acting—and this is a subject for debate following Senator MacEachen's notice of inquiry—vigorously and positively within our jurisdiction to bring interest rates down and create conditions for sustained recovery and sustained economic growth. While these are still early days, as they say, there is abundant evidence that Mr. Mazankowski's statement of December 2 is achieving its immediate objectives.

• (1420)

Senator Olson: I agree, honourable senators, that government policy is achieving what he stated it would; it is taking money from the unemployed and other people in Canada who are least able to afford to free up a few dollars. That certainly is being achieved.

Is the minister stating that all those promises and undertakings, whereby the federal government would provide leadership in convening a meeting of first ministers to attempt to do something about this very serious situation, have now been completely discarded?

An election promise is something that most people take with a grain of salt. However, the people of Canada believed the Prime Minister when he said that, once the referendum and constitutional matter was cleared away, we would then address these other problems. It seems as if that promise has been discarded. Is that the extent of the comfort the Prime Minister can offer to Canadians who are looking for some relief?

Senator Murray: Honourable senators, the Prime Minister and the government have been as good as their word. We indicated that, once the referendum was over, we would act swiftly to address the economic problems of the country.

The first very important step in that direction was the "Economic and Fiscal Statement" delivered by Mr. Mazankowski on December 2. Other announcements have been, and are being, made. One of those announcements, concerning Terminals 1 and 2 at Pearson International Airport, a project which will create many thousands of jobs in the construction industry in Toronto and southern Ontario, has just been denounced by the Leader of the Opposition in the Senate. That is much to be regretted, of course. There will be other announcements as time goes by.

What I am telling the honourable senator is that in the near future there will not be a meeting of first ministers on this matter. I would hope that the honourable senator would accept that, and not pretend there was some unequivocal assurance given by anybody, including the Prime Minister, that there was to be a first ministers meeting on the economy in the weeks immediately following the October referendum. Such a commitment was, in fact, never made.

Senator Olson: Honourable senators, I would ask the honourable minister to answer the question I asked, and not give a whole lot of other answers.

When the Prime Minister and other ministers came from Charlottetown, I remember very distinctly that there were several ministers who wanted to talk about the economy and have a coordinated effort by governments across Canada to do something about the economy. The excuse from the Prime Minister then was that we have to get the referendum and constitutional matters out of the way first.

If the minister cannot remember that, perhaps I had better bring him some newspaper quotes to remind him that there was an undertaking that a great effort would be made by all of those governments as soon as the referendum was over. So far, we have seen no sign of it.

Senator Murray: If in the next little while my honourable friend can produce a statement from the Prime Minister, committing himself and the government to calling a first ministers' meeting on the economy immediately following the October 26 referendum, I will, of course, correct the statement I have made, which is that no such commitment was ever made.

Senator Olson: Your government said they would address the country's economic problems with all the other governments.

Senator Murray: And we have.

PRINCE EDWARD ISLAND

COMMITMENT OF FEDERAL GOVERNMENT TO BUILDING OF FIXED LINK

Hon. M. Lorne Bonnell: Honourable senators, talking about the economy and about commitments reminds me of another commitment; the fixed link to Prince Edward Island. I understood from the newspapers — if one can believe the newspapers, which I understand senators opposite do not—that the Premiers of New Brunswick, Nova Scotia and Prince Edward Island met and said that today, Wednesday, they would probably be signing an agreement with Mr. MacKay, the Minister of Public Works for Canada, to proceed with the fixed link to Prince Edward Island.

Can the Leader of the Government in the Senate tell me if that agreement will be signed today, and if the government has decided to proceed with the fixed link to Prince Edward Island?

[Senator Murray.]

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not have any information on the signing of an agreement today.

The government's intentions with regard to the project were made crystal clear in the economic statement delivered by Mr. Mazankowski on December 2.

Senator Bonnell: I am afraid that what has indeed been made "crystal clear" is that the government is committing $25 million for more environmental and engineering surveys. However, that does not make it crystal clear that the fixed link to Prince Edward Island will be constructed now, in the future, or ever.

Perhaps the Leader of the Government could make it crystal clear: Is the government committed to the construction of a fixed link, and will it proceed with that construction in 1993?

Senator Murray: The honourable senator knows this is essentially a private-sector project. The federal government's financial participation will be to provide a subsidy to the developers equivalent to what we would have paid for the operation of the ferry service from Borden to Cape Tormentine. I think the figure that was announced is in the vicinity of $40 million, as my honourable friend has suggested.

Having said that, I should invite the attention of honourable senators to the statements made by Mr. Mazankowski to the effect that there is every reason to hope and expect that construction could begin this spring.

Senator Bonnell: Honourable senators, I do not think Mr. Mazankowski said that there is every reason to suspect —

Senator Murray: Expect.

Senator Bonnell: To expect or suspect? Prince Edward Islanders suspect this government. Prince Edward Islanders have been thinking about a fixed link and continuous communication with the mainland since Confederation. They have been promised that. We even had "the party of the causeway" which promised it. Poor Mr. Diefenbaker is now long gone, but he proposed that and made it "the party of the causeway."

Now we have "the party of the fixed link." So far, all we have are promises of engineering and environmental surveys, and the minister opposite is telling me that I am supposed to believe that means we will be going ahead with the fixed-link project. In fact, we do not even know which company is supposed to construct it.

Senator Olson: It is a company from Calgary.

Senator Bonnell: Apparently, it is to be constructed by a company from Calgary. However, at one time it was stated that the financial package was not in order, and it went to number two, then to number three, and back to number one.

However, time is going on, and we are getting closer and closer to the next election. Prince Edward Islanders are not about to buy this pig-in-a-poke until we know for sure whether or not the Government of Canada is committed to the

building of a fixed link, and whether the government will announce that project and sign an agreement to construct it in 1993.

Senator Murray: Honourable senators, I trust that I am hearing correctly that Senator Bonnell has now declared himself in favour of the proposed fixed link.

Senator Barootes: At last!

Senator Murray: This itself is worth a press release to the Charlottetown *Guardian* and other Prince Edward Island media. I simply want to repeat that the Minister of Finance announced in his "Economic and Fiscal Statement" of December 2 that the advanced engineering and environmental work on the fixed link would be undertaken "to allow construction of this $800 million project to begin in the spring. This will directly create an average of almost 1,000 jobs each year over the construction period and will provide spinoff benefits for the economy of Atlantic Canada."

• (1430)

The problem with Senator Bonnell is that he cannot take yes for an answer.

Senator Bonnell: Honourable senators, I still did not get a commitment. I got a lot of malarkey. That is all we ever get.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

AMENDMENTS TO BILL C-86—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: I have another question, this time to another gentleman. He is not in his seat, although he should be here. Perhaps the Leader of the Government can answer for him. This question is for the Chairman of the Standing Senate Committee on Social Affairs, Science and Technology.

This government is now trying to have the immigration bill passed, and I received a note today that on Wednesday, December 9, at 3.30 this afternoon, on the agenda of that committee will be Bill C-86, to amend the Immigration Act and other acts in consequence thereof. Certain witnesses are to appear.

In the absence of the chairman—who should be here for Question Period because all chairmen should be here for Question Period to answer questions—can the Leader of the Government tell me if members of the committee will be allowed to make amendments, and, further, is the government prepared to accept amendments to this very important bill?

Senator Di Nino brought about closure in that committee. Since he came to this country as an immigrant, does he not wish to allow more immigrants in besides himself?

Hon. Lowell Murray (Leader of the Government): I think that is a rather inappropriate and offensive personal reference, quite unnecessary in the context.

Honourable senators, it is to be regretted that honourable senators opposite yesterday, by refusing permission to the committee to sit at 4.30 yesterday, almost prevented the committee from hearing from the distinguished representative of the United Nations High Commissioner for Refugees.

It is equally unfortunate if, as I am reliably informed, honourable senators opposite stomped out of the committee yesterday and declined to stay there to hear the distinguished representative of the United Nations High Commissioner for Refugees who came here from Geneva for the purpose of testifying before this committee. It could be that —

Hon. Royce Frith (Leader of the Opposition): It was nice of you to allow one witness, at least.

Senator Murray: It could be that they did not want to hear his views because those views were not congenial to the views held by honourable senators opposite.

As for amendments, the honourable senator is a veteran parliamentarian. He knows perfectly well that if he or any colleague proposes amendments at the committee, or indeed during the third reading debate when we come to it in this place, that those amendments will be given their usual careful attention.

GENERAL ELECTION

INTENTIONS OF THE GOVERNMENT

Hon. Eymard G. Corbin: Honourable senators, considering that today we lose Senator Castonguay, is it true what they say, that Mulroney won't stay? Is it true what they spread, that Mila no tears will shed? Is it true what they say, that we shall soon see that day, and when they decide to go, will they also take Charbonneau?

EXTERNAL AFFAIRS

CANADA'S PARTICIPATION IN PEACEKEEPING OPERATION IN SOMALIA

Hon. John B. Stewart: Honourable senators, before the Senate adjourns for the Christmas break, would the Leader of the Government in the Senate undertake to make a statement to this house defining the nature and extent of Canada's participation in peacekeeping in Somalia?

By "nature", I mean, first, the kinds of personnel we are sending, how many, and so on; second, an outline of the particular aims of Canada's participation; and third, the duration of Canada's participation in this peacemaking endeavour.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would be glad to consider that. I suppose I could do it under Notice of Inquiry. I shall have to consult my colleagues the Secretary of State for External Affairs and the Minister of National Defence before giving a firm affirmative reply.

Senator Stewart: If the minister himself finds that he cannot give this undertaking, and I can understand that it may have the kind of complexity that he does not wish to delve into at this particular time of the year, would he arrange to have the Secretary of State for External Affairs come before a Committee of the Whole House of the Senate to answer these questions, as well as others that might arise concerning this very important new departure in Canadian foreign policy?

Senator Murray: Honourable senators, my colleague Ms McDougall happened to remark this morning that she is leaving shortly for Europe to attend, among other things, the CSCE conference, so I would think she would not be available here before the Christmas holidays.

However, I will investigate the alternative of having a minister appear, if not before the Committee of the Whole, then before the Standing Senate Committee on Foreign Affairs. I will also see whether my colleagues would agree to my making a more considered statement on the whole issue in the Senate. I will work towards that.

Hon. Philippe Deane Gigantès: Make sure you ask Harvie Andre.

WITHDRAWAL OF CANADIAN PEACEKEEPING FORCE FROM CYPRUS—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Can the Leader of the Government in the Senate find out for us from the Minister of External Affairs what will happen with respect to the peacekeeping force that we have between our two NATO allies, Turkey and Greece, in Cyprus. Do we plan on bringing home our Canadian troops, and if so, when, and what consultation has taken place between our two NATO friends Turkey and Greece?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I had a fairly detailed exchange on this very issue with Senator Gigantès the other day.

In a nutshell, we want to get our troops out of Cyprus. We have been there for 28 years. We regret exceedingly that the latest round of mediated talks between the parties has not succeeded. We will, of course, do nothing precipitous. We will take our action after giving due notice, and in consultation with all the parties concerned.

Hon. Philippe Deane Gigantès: In 1967, the NATO allies of Greece, with the participation of Canada, urged the Greek government to remove the 40,000 troops it then had in Cyprus. Unfortunately, the Greek government complied. The NATO allies had indicated to Greece at that time that it was incorrect in fearing a Turkish invasion.

Seven years later, there was a Turkish invasion. A group of Greek Cypriots had temporarily overthrown the Archbishop, took over the island, and their slogan was "Union with Greece". The Greek government immediately said it would not consider union, as was its international obligation. Then the Turks invaded. At that time, 16 percent of the population of Cyprus was Turkish. However, the Turkish troops took more than 40 percent of the island.

Since NATO had asked Greece to remove its troops, leaving Cyprus defenceless—Turkey is only 40 miles away, and the nearest Greek airport is 600 miles away—there is a residual moral obligation on the part of the Greeks, and all the members of NATO, to give protection to Cyprus against the extension of the Turkish invasion.

[Senator Stewart.]

• (1440)

Senator Murray: I appreciate the point made by the honourable senator. There is a lot of history there, some of it even more recent than that mentioned by Senator Gigantès.

In any case, I think it is expecting too much of Canada that we stay there in perpetuity to keep the peace between those two factions. They have to work something out between themselves. At any rate, there are other countries in the world which have a capacity for contributing to these peacekeeping efforts.

Let me repeat, we do want to withdraw our troops from that island.

[*Translation*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

CONSIDERATION OF BILL C-86—REASON FOR REFUSAL OF LIBERAL SENATORS TO PARTICIPATE

Hon. Jacques Hébert: When answering Senator Bonnell a moment ago, the Leader of the Government in the Senate put on his best offended expression and went on to misrepresent the action taken yesterday by the Liberal members of the Social Affairs Committee.

We never intended to offend the High Commissioner, as you seem to bitterly deplore. Not only that, but— What is it I hear coming from that side? Was it a grunt, a Simard grunt?

Do not worry. We clarified the situation with the High Commissioner who was in attendance. We explained our actions to the High Commissioner who had understood perfectly what was going on. Our conduct had not offended him at all, especially after witnessing the scene—you know what I am talking about, unless it was not reported to you—following Senator Di Nino's announcement that Monday was the cut-off, that it would all be over Monday by closure.

Are you aware of that, Senator Murray?

Hon. Lowell Murray (Leader of the Government in the Senate): No. What is your question, Senator Hébert?

Senator Hébert: If the Liberal members of the committee got up and left, it was not to offend the High Commissioner but in reaction to closure being imposed on us. That is why we left. All I ask of you is to recognize that.

Senator Murray: Honourable senators, the absent are always in the wrong.

[*English*]

WAGE CLAIM PAYMENT ACT

BANKRUPTCY ACT

ESTABLISHMENT OF JOINT COMMITTEE TO CONSIDER WAGE CLAIMS ARISING FROM BANKRUPTCIES—GOVERNMENT RESPONSE

Hon. Lowell Murray (Leader of the Government): Honourable senators, I wish to follow up on an exchange that I had with Senator Kirby during yesterday's Question Period, in the course of which the honourable senator reminded me of an undertaking that had been given by my cabinet colleague, Mr. Blais, the Minister of Consumer and Corporate Affairs, at the time of the enactment of Bill C-22 last spring. The commitment was to the effect that the government would proceed to set up a joint committee of the two houses to study wage claims.

Yesterday, I undertook to speak to the minister. I have now received a letter from him, assuring me that he fully intends to carry out that commitment. In that letter, he states:

> At this moment the final form of the committee mandate is being determined and steps are being taken to get the process started.

He says further that he expects to meet with both the government house leader in the other place and our house leader here in the Senate to work out the details pertaining to this committee.

POINT OF ORDER

BILL TO DISSOLVE OR TERMINATE CERTAIN CORPORATIONS—REMARKS OF SENATOR STOLLERY DURING DEBATE

Hon. Finlay MacDonald: Honourable senators, I rise on a point of order.

Senators who were here yesterday will remember that when Senator Stollery was speaking during the continuation of the debate on second reading of Bill C-63, there was a brief intervention by my colleague Senator Chaput-Rolland to which Senator Stollery made a reply reflecting upon her attendance, to the effect that she should have known about the subject to which he was referring.

I have looked through the *Debates of the Senate* for yesterday and find no reference at all to the remark of Senator Stollery in that respect. Am I the only one here who heard it?

Some Hon. Senators: No!

Senator MacDonald: Realizing that there are certain privileges given to senators to change the "blues", to change a word here and there, I find it hard to believe that a whole sentence could be expunged from the record. I wonder if the Table can give me an explanation concerning this matter.

The Hon. the Speaker: Honourable senators, we will have to check on the matter and report back tomorrow.

OFFICIAL RECORD

CORRECTION TO HANSARD

Hon. John B. Stewart: Honourable senators, now that this point of order has been raised, I wish to mention an error which appears in the *Debates of the Senate* for December 7, 1992 as reported at page 2342.

Normally, one would have had a chance to read over the "blues" but, as honourable senators know, we sat very late that night and, presumably, the staff had to work well into the early hours of the morning in order to produce the text. I am quoted as having said:

> So, there was this proposal for an immediate increase of 18 senators for each of those two provinces.

Clearly, that was wrong. I said, unless I was confused by reason of the late hour:

> . . . an immediate decrease of 18 senators for each of those two provinces, to be balanced by an immediate increase of 18 members of the House of Commons for each of those two provinces.

I realize that we no longer have a chance to correct the printed debates. I think there should be some new arrangement to make the "blues" available when the Senate sits very late. I do not think we can expect the staff, at that late hour and under the pressure of time, to deal with what may be complicated material. There should be some way of preventing such errors from passing into the permanent record of this house. Perhaps some consideration could be given to that problem. I am referring only to those times when the Senate sits very late.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, Wednesday afternoons are usually to be limited to Senators' Statements, Routine Proceedings and urgent government business. However, yesterday it was agreed that Bill S-16, which deals with the United Grain Growers, be put on the Orders of the Day for third reading today.

Because of the urgency of getting this bill over to the other place for a decision before they adjourn, I ask leave that third reading be given to that bill at this time.

Hon. Senators: Agreed.

ORDERS OF THE DAY

PRIVATE BILL

UNITED GRAIN GROWERS, LIMITED—BILL TO AMEND ACT OF INCORPORATION—THIRD READING

Hon. Efstathios William Barootes moved third reading of Bill S-16, to restructure United Grain Growers, Limited.

Motion agreed to and bill read third time and passed.

● (1450)

BILL TO DISSOLVE OR TERMINATE CERTAIN CORPORATIONS

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Beaudoin, for the second reading of Bill C-63, to dissolve or terminate certain corporations and other bodies.

Hon. Jerahmiel S. Grafstein: Honourable senators, Bill C-63 is a strange and puzzling act. It comes at a rather curious time in our public life. This bill dissolves or terminates six major Canadian institutions: The Economic Council of Canada; the Science Council of Canada; the Canadian Employment and Immigration Advisory Council; the Canadian Institute for Peace and Security; the International Centre for Ocean Development; and the Law Reform Commission of Canada. The list of these organizations reads like an honour roll; an honour roll of some of the most distinguished and publicly credible organizations that so assist us in our public life.

Honourable senators, I say that this is a strange act of public policy, because one would have thought that a government so apparently bereft of ideas, whose economic agenda is in tatters, and which has been so fully discredited in public opinion, while at the same time its constitutional agenda was so recently savaged in a referendum—this government of all governments would welcome a renewal of fresh ideas, a renewal of fresh sources of idea-making.

This government, it appears to the public, seems to be bankrupt of ideas and bereft of actions, other than to mindlessly cut, slash, eliminate, terminate, dissolve. This bill is not only a massive assault on ideas but, more significantly, it is a massive castration of process, of the free flow of thoughtful ideas and researched advice, advice which the government itself sought from its own handcrafted, custom-tooled process commission, the Spicer Commission.

What did Spicer tell this government? Indeed, what did the Spicer Commission tell this Parliament? That both were out of touch with the public, not merely with ideas but the very process, the very credible process, of developing ideas. Government and Parliament is not trusted. The public is wise. It wanted a process that could develop ideas that would ultimately turn into policies and public programs from more independent sources.

The government now, curiously, turns around and makes peremptory strikes to destroy the independent idea factories that have been so carefully and so painstakingly created, and to disperse idea-makers. Rather than listen to what Spicer and the public has said, rather than listen to what the government's own focus groups said—that Parliament and government needed more ideas, more independent ideas, more independent consensus-building—the government introduces this bill which terminates the very agencies that develop the ideas and create a process of consensus.

[Senator .]

Each of these people organizations form an invaluable bridge between our institutions of higher learning, the idea-makers in the private sector, and the government. These are the so-called best brains in Canada. This bill does more damage. It clearly sets out to destroy a Canadian idea, a Canadian concept, a concept that says very succinctly that in Canada we prefer to develop arm's-length, independent advice, so carefully nurtured by a bipartisan process that started well before World War II, and to develop arm's length agencies to explore alternate policies and unite people across the country, around change, around alternative ideas and alternative policies. I am referring to agencies, honourable senators, which would not represent narrow specialist groups, regions, provinces, or special interest lobbies, but would do the opposite. They would winnow out the seedy, narrow ideas, through a process that was arm's length, free of public and private special pleading or prejudice, and free of special interests, ideas to enhance the federal state, ideas to enhance federal policies, ideas to unite Canada.

Are there lessons to be learned? If history cannot guide or inform us, perhaps historians can. We find a rather fascinating debate by Ray Porter, the most distinguished English historian, in his book about historians. Porter chose to draw our attention to Gibbon who wrote *The Decline and Fall of the Roman Empire*, and Gibbon's views of three other well-known and distinguished public philosophers of that day, Voltaire, Montesquieu and Hume.

Honourable senators, I will not be referring to our colleague John Stewart today, but I should bring to your attention that John Stewart is one of the world's outstanding experts on Hume's public philosophy, and he has recently published a book called, *Opinion and Reform in Hume's Political Philosophy*, by the Princeton University Press. I commend it to every Parliamentarian as required reading this Christmas. I hope, in the future, we will be able to come back after everybody has learned the lessons of Hume as projected by our colleague Senator Stewart, and have a useful debate. My references to Hume today will not be from his text. We will leave that to another day.

To return to my flow of ideas, Gibbon gave his view of these three public philosophists. Gibbon believed that the decline and fall of civilizations could best be measured by a straight narrative of main events. Voltaire, he felt, was too much the polemicist. Voltaire wrote that history was "a tale of disaster and darkness and ignorance, terror and error" which led Voltaire to roam freely over historical ideas and pick and choose and write his own personal version of history.

Montesquieu sought to discover the patterns, the deeper meanings behind history through the eyes of a sociologist. Montesquieu looked for the spirit behind the laws, and he argued that the essence of government lies not in our constitutions but rather in the nature of our civic virtue and the nature

of our civic debate. Hume took, I think, more of a psychologist's view of history and tried to understand history and public process by his focus on human nature.

Yet all of these public philosophers and historians agreed that free ideas, thoughtful, independent, informed ideas, and the debate of informed ideas, was considered the very best measure against the corruption of public life—not the corruption of personal dishonesty, but the more pervasive corruption of government power that sought to limit, contain, evade, manipulate, censor, dissolve, terminate and control public debate.

The best way to root out this corruption would be by public education, the greatest of all public virtues, and this could only be made necessary to instill in us a vibrant powerful democracy which could operate in the public interest, in informed public education and in informed public debate.

• (1500)

Who in this chamber can take comfort from this bill and these actions by the government? I take no comfort in the decline of the Conservative Party. I believe in a vibrant democracy, composed of contesting national parties containing different value systems, contesting men and women with differing ideas of government. When one of these robust national parties slips into decline and decay and this form of public corruption, democratic government suffers, democracy suffers, because the government forces itself to take desperate measures contrary to the public interest.

Therefore, I find it so strange and so difficult to understand why those who believe in our North American form of democracy with two major contesting, healthy national parties, would not be deeply concerned that the very federal institutions that foster and educate public debate in this country should be debilitated and disabled, and precisely after the public has so resoundingly told us that it does not trust Parliament. What a strange and, if you will forgive me, senators, confused reading of the public mood and mind.

We are told that, at best, $71 million will be saved, but when we read the ministerial statements and examine the text, we find that we will not really save $71 million because many of the functions carried on by these learned institutions, these wonderful organizations, will still be carried on but brought in-house by the government. Many functions will be government functions, not arm's length functions.

The real reason cannot be money. Let me quote from the statement on third reading in the other place by the government representative.

> As well, the activities performed by the organizations being wound up have been reviewed. Those that are consistent with the government priorities and that are not being performed by other government organizations will be continued.

The real reason, therefore, is not the economic saving. The real reason is not the cost benefit to the public purse. The real reason is to control ideas and make only those ideas which conform with government priorities public policy. What a sad state. What a sad state of public debate.

Those of us who have been privileged to serve in government know that government, of necessity, gives priority to the difficulties of the day. It cannot concentrate on the difficulties of next week, next month, next year or the next decade. I find this bill a public tragedy at a time when these very agencies, as other speakers have so eloquently noted, are so vitally needed. What a tragedy that the Economic Council of Canada studying public health care, education and the deployment of capital in a technological society—all vital issues, we are told by the government, of economics and growth—should now be ripped from the public agenda.

I find it incomprehensible that the Canadian Institute for International Peace and Security should be murdered at a time when we are told that there is a change in foreign policy, when there is a change toward peace and security, precisely when the old world order is disintegrating before our eyes and each democratic leader and government is seeking to develop a new, complex, different agenda to accelerate the growth of democracy in eastern Europe, Asia, Africa, Central American and South America.

I find it mystifying that the Science Council of Canada should be abolished when scientific research is considered a national priority in every developed nation in the world, let alone the underdeveloped nations.

Senators, I claim no knowledge of oceanic science, but I do sit here and I do listen to the government, and I know and we know that the government announced only a few months ago, for the first time in Canadian history, that the fishery, the life and sustenance of the east coast, should be gutted because of government mismanagement. They could not think ahead. We know now from our own experience in our travels around the world that the oceanic environment will be of crucial importance in the next century. Yet this government eradicates the very international centre for ocean development dedicated to these ideas.

The most mystifying to me, honourable senators, is the abolition of the National Law Reform Commission. I admit my bias. I took some personal pride in the birth of this creative federal institution. I, amongst others, was very actively engaged in the sixties in persuading the government of the day that the federal state required a federal law reform commission and that such a law reform commission should be established.

There was a wide consensus that the law in the hands of the agencies of government, federal and provincial, could not keep up with the rapid changes that were necessary to renovate our federal legal structure. Therefore, an agency that could look ahead, that had the time to look ahead, that had the men and women to look ahead in this vital area of law reform, should be established. And it was established, not just for the sake of faster reform of law, which was so vitally necessary, but to develop a greater consensus to dissolve the two solitudes between our two legal systems, between French and

English jurisprudence, between the east and the west, among the judges, the lawyers, the officials, the police and the academics, in the hope that a new and vital federal legal structure with trained legal minds that could understand each other, each in their own language, would make Canada's federal structure one of the leading federal structures in the world.

Honourable senators, I find myself dismayed by the termination of this commission's mandate. I forced myself to read the original debates on the formation of the Law Reform Commission. It was introduced in 1970 by the Honourable John Turner who was one of Canada's most distinguished ministers of justice. At that time he said he was looking to create an organization that would dissolve the solitudes between French and English, that would have not just a bilingual system of law but a bijural system of law where the legal notions of both systems could be taken one from the other and exchanged.

I was told just a few months ago by Canada's leading judicial figure that the most invaluable service which had prepared him to understand the nation, and prepared him to assume the highest judicial office in the land, were the years that he served on Canada's Law Reform Commission with commissioners across the land.

Think of it, senators: Only three countries in the Commonwealth —Canada, Bangladesh and Zimbabwe—will now be without a National Law Reform Commission. Think of the work the National Law Reform Commission brought to the codification of our criminal system. Pioneering studies of law and genetics—a vital issue for the 21st century—and other such tasks will now be brought back into a Department of Justice overworked with the routine of government day-to-day business. The Department of Justice will not have available to it an independent body to plot a course in the complex and vital issues of the law. What a public disgrace.

Finally, what can one say about a government that, on one hand, recognizes the need for a greater understanding of employment and immigration yet, on the other, abolishes Canada's Employment and Immigration Advisory Council?

• (1510)

Something is happening in the government. Whether it is blindness or paralysis, it is most difficult to understand. What is even more difficult to understand is how Parliament, the other place, can sit by so bankrupt of ideas, so roundly discredited by the public, and allow these agencies to go down. What a school for scandal!

What is of greater surprise to me, honourable senators, is that capable, talented men and women on the other side in this Senate, supporters of this government, distinguished academics, public servants, scientists, journalists, lawyers, business people, educators, every one of whom recognizes the necessity for a process of quiet deliberation in order to develop informed ideas, particularly in a world where we are flooded with over-information, would allow these fragile idea factories to be dismantled.

[Senator Grafstein.]

When the history of this government is written, I am confident that observers will point to this bill as yet another self-inflicted wound, an *auto-da-fé* that finally accelerated the government's demise.

Honourable senators, I take no delight in this measure; I take no delight in this speech; I take no delight in the loss that Canada, whose leaders should be searching out new ideas, finds itself incapable of allowing people with informed ideas to contribute to public debate in a thoughtful, independent process. The fault, honourable senators, lies not in the stars, but deep within the recesses of this government, this Parliament, this Senate, and the little minds that cannot cope with other people's ideas. I pray that wisdom will prevail, and that the Senate will trash this insidious bill as it so richly deserves.

Hon. Philippe Deane Gigantès: Honourable senators, for the benefit of Senator Lynch-Staunton, I will give a translation of an ancient Greek quotation: "Those whom the gods wish to destroy, they first render foolish."

The Hon. the Speaker: It is moved by the Honourable Senator Kelly, seconded by the Honourable Senator Beaudoin, that this bill be read the second time.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): We have no objection to deferring the vote, Mr. Speaker.

Hon. William Kelly: A 15-minute bell, Mr. Speaker.

Hon. John B. Stewart: We have rules, Mr. Speaker. We adjourn at 3 o'clock to allow committees to meet. What are you doing?

Hon. John Lynch-Staunton (Deputy Leader of the Government): We have not changed the rules. We are trying out a new schedule which will hopefully let us out on Wednesdays—

Senator Stewart: You demonstrate that you have no intention of letting it work.

Senator Lynch-Staunton: The rules have not been altered. We had agreement on both sides to try out a new schedule on

Wednesday afternoons which would allow us to hold committee hearings as close to 3 o'clock as possible. It could be a few minutes before or a few minutes after 3 o'clock. It will be a few minutes after today.

Senator Kelly: A 15-minute bell, Mr. Speaker.

The Hon. the Speaker: The vote will be held at 3:25.

• (1520)

The Hon. the Speaker: Please call in the senators.

Motion agreed to and bill read second time on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins	Lynch-Staunton
Barootes	Macdonald (Cape Breton)
Beaudoin	MacDonald (Halifax)
Beaulieu	Macquarrie
Berntson	Marshall
Bolduc	Meighen
Chaput-Rolland	Muir
Cochrane	MurrayNurgitz
Cogger	Oliver
Comeau	Ottenheimer
DeWare	Phillips
Di Nino	Poitras
Doody	Robertson
Doyle	Ross
Forrestall	Rossiter
Grimard	Simard
Johnson	Spivak
Kelly	Sylvain
Kinsella	Twinn—40
Lavoie-Roux	

NAYS

THE HONOURABLE SENATORS

Adams	Kenny
Bonnell	Kirby
Bosa	LeBlanc
Cools	Lewis
Corbin	MacEachen
Davey	Molgat
Fairbairn	Petten
Frith	Rizzuto
Gigantès	Robichaud
Grafstein	Stewart
Graham	Stollery
Hastings	Thériault
Hébert	Watt—26

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

REFERRED TO COMMITTEE

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

On motion of Senator Kelly, bill referred to the Standing Senate Committee on National Finance.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move that all further motions, orders and inquiries be allowed to stand, on the understanding that the calendar remains the same.

The Hon. the Speaker: Is that agreed, honourable senators?

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 10, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Government): Honourable senators, the clock ticketh.

Senator Doody: Bong, bong!

Senator Frith: It will chime when you have the courage to call an election. Between times, it ticketh. Let the record show that Senator Doody is ready. That is one heard from.

Senator Molgat: Nineteen days of contempt for democracy.

Senator Simard: But is Mr. Chrétien really ready for an election?

Senator Frith: Try us, sir. Let the record show that Senator Simard wants to try it, too. Speak to the Prime Minister. You will find out whether he is ready or not.

Senator Gigantès: Prime Minister Jean Chrétien. You will be saying it in your nightmares.

Senator Frith: And so, on this day we have the nineteenth day of contempt for democracy and political cowardice of this government. We have on the record also that Senator Doody is ready.

Senator Doody: Ready.

Senator Frith: And that Senator Simard wants an offer made.

Senator Simard: We want to hear from Mr. Chrétien himself, as to whether he is ready.

Senator Frith: You speak to the Prime Minister. I guarantee you that if he makes that offer, and you can speak for the Prime Minister, Mr. Chrétien is ready.

[*Translation*]

UNITED NATIONS DECLARATION OF HUMAN RIGHTS

FORTY-FOURTH ANNIVERSARY

Senator Beaudoin: Forty-four years ago today, on December 10, 1948, the Universal Declaration of Human Rights was adopted by the United Nations.

This was one of the most significant events of this century. This declaration came after a number of other historical charters and declarations such as the U.S. Bill of Rights of 1789, France's *Déclaration des droits de l'homme et du citoyen* of 1789 and the Bill of Rights of 1689 in Great Britain.

Several nations voted for this Universal Declaration of Human Rights. Following the Second World War, the constitutions of several newly independent nations would be inspired by this model.

In Canada, the Canadian Bill of Rights, a constitution-like Charter, was adopted at the federal level in 1960 and, in 1982, the Canadian Charter of Rights and Freedoms was entrenched in our Constitution.

This Charter was to change the course of history in Canada. Over a period of ten years, the Supreme Court of Canada has based in excess of 200 decisions on it, thirty or fourty of which are considered as milestones, key decisions. This Charter revolutionized our legal system and profoundly altered the lives of the Canadian people.

It is a good thing to protect individual rights and minority rights under the Constitution.

I am pleased that Canada drew its inspiration from the International Declaration of Human Rights in 1960 and again in 1982.

ROUTINE PROCEEDINGS

[*English*]

VETERANS AFFAIRS

THE VALOUR AND THE HORROR—CENSORSHIP OF NFB FILM—NOTICE OF MOTION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I give notice that on Monday, December 14, 1992, I will move:

> That the Subcommittee on Veterans Affairs of the Standing Senate Committee on Social Affairs, Science and Technology be instructed to cease its consideration and examination of the Canadian Broadcasting Corporation and National Film Board series entitled *The Valour and The Horror*, and that the committee be instructed not to present a report thereon to the Senate.

Senator Doody: Censorship.

Senator Frith: We will all have a chance to speak on this motion. The government supports this, does it?

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 509 citizens of Alberta who oppose the goods and services tax.

These petitions come mainly from Pincher Creek, Watertown Park, Coleman, Lethbridge, Grande Prairie and Calgary.

Honourable senators, I also have the honour to present petitions signed by 500 citizens of Quebec who oppose the goods and services tax, especially on books and magazines, which should bring back fond memories to Senator Chaput-Rolland.

I am sure that her Prime Minister will soon correct that situation!

These petitions come mainly from St-André, Matapédia, Caplan, L'Ascension, Nouvelle, Bryson, Victoriaville, St-Godefroi, Grande-Rivière, Joliette, Longueuil, Chicoutimi, St-Léon, Lévis, Lauzon, Montréal and Quebec.

These petitions were signed in the spring of 1992, so they are relatively recent.

A total of 1,009 petitioners have availed themselves of their ancient democratic right to express their opposition to a cynical, opportunistic and backward measure.

QUESTION PERIOD

[*English*]

THE ECONOMY

INCREASING RATES OF UNEMPLOYMENT—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I will not harangue the Leader of the Government if he decides to take this question as notice, because I would like a considered answer to it as a part of government policy. He may decide that he would prefer to deal with it under the inquiry of Senator MacEachen on the recent economic statement made by the Minister of Finance.

For some time now, the government, persuaded by, among others, the Governor of the Bank of Canada, has been waging a war on inflation. So far as inflation is concerned, I think one must accept that it has waged that war successfully. Inflation has been controlled.

However, most economists agree—and I think the government will agree—that there has been a serious price for that war, and that price has been steadily increasing rates of unemployment, to the point where most people in the country seem to consider unemployment the most serious of Canada's problems.

Having heard the Governor of the Bank of Canada say that price stability is close by, is the government prepared to switch its target and make unemployment its economic enemy number one instead of inflation?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I probably will not be going into that subject in detail when I speak on Senator MacEachen's inquiry.

Senator Austin: Why not?

Senator Murray: Because I have other plans, and Senator MacEachen has raised other important issues which I wish to address. When he has completed his speech, I will enter the debate.

I think that the Leader of the Opposition is mistaken in believing that the old theory of a real trade-off between unemployment and inflation still holds. I think he is mistaken in believing that it still holds to the extent that it once did. The theory itself is under increasing question by economists and others.

• (1410)

Senator Olson: It is about time.

Senator Murray: We can have a situation in which there is simultaneously high unemployment and high inflation. We had it for quite a few years under the government of my honourable friends opposite.

Senator Thériault: Not quite a few years. One year. Maybe two at the most.

Senator Hastings: Maybe three.

Senator Thériault: Maybe three at the most, but not four consecutive years. Only under Bennett and Mulroney was were those two rates simultaneously high for five consecutive years.

Senator Murray: Double-digit inflation, double-digit unemployment, and double-digit interest rates were well known during the early 1980s under the regime of my friend.

Senator Gigantès: Well, we were not selling out to the drug companies!

Senator Murray: The Leader of the Opposition referred to statements by the governor and deputy governor of the bank. When we announced the inflation reduction targets in February 1991, we defined price stability as inflation clearly less than 2 per cent. Therefore the governor of the bank is quite correct, in that context, in saying that we are close to price stability. We agree with this.

Senator Frith: In my question, you realize that I was not arguing about whether he was right. However, we will pursue this matter further.

[*Translation*]

THE ECONOMY

CURTAILMENT OF SPENDING RELATING TO OFFICIAL LANGUAGES PROGRAM

Hon. Jean-Marie Simard: Honourable senators, I have a question for the Leader of the Government in the Senate. But first the context.

True to the government's promise, the Minister of Finance, Mr. Mazankowski, with his economic statement of December 2, launched a two-day debate in the House on the direction of his future economic policy. The minister also announced a series of measures to control the deficit.

These measures were strongly criticized by the opposition parties and the super-economists in many media, but they did not tell us what measures would have been more appropriate. In short, the critics' slogan was: "Let others tighten their belts."

After enumerating the objectives of growth through job creation and investment in small business, improved support for R&D, investment in human resources and public infrastructure, and enhancing our trade potential, the minister talked about the sound budget policy necessary to achieve these goals. He proposed new measures to reduce government spending, once again.

Hon. Royce Frith (Leader of the Opposition): Question!

Senator Simard: Without going into details, the minister announced measures which should save the government about $8 billion.

Salary freezes for the whole public service, including us, and the employees of Crown corporations.

Senator Frith: Question!

Senator Simard: If Senator Frith will give me a few more seconds, I think he will see the point of my question. In particular, he will see the consequences of a government decision, and the impact it could have on official minority communities.

Being unable to obtain clarifications from individual departments —

[*English*]

Senator Gigantès: Come on, Barootes, intervene. You are always intervening. The rules say something about preambles. Come on, Senator Simard, be fair. It is not easy, but try to be fair.

Senator Molgat: He is establishing a precedent, and that is fine.

Senator Simard: No, Senator Olson has established that precedent many times.

Senator Frith: We will be following the Simard formula from here on in. According to the Simard formula, "I have the following speech to make."

[Senator Frith.]

[*Translation*]

Senator Simard: Honourable senators, it will just take a little longer, I would appreciate a little more restraint from our friends opposite. Until we can get further clarification from individual departments on how to interpret these general rules, and particularly the comment that no further restraint will be imposed on the major federal transfers to the provinces . . .

Honourable senators, I think official language minority groups, like many Canadians, are prepared to do their share for the public good and to help control the deficit. However, we must realize that implementing these measures may be almost a matter of life and death in some instances.

I will just give you one example. All our governments recognize the fact that the existence across Canada of official language minorities is a fundamental characteristic of this country and that their enhancement and development is vital. As you know, first of all, minority language education is the key to that development, and second, a number of provinces do not always meet their commitments in this respect, despite a clear and unequivocal judgment by the Supreme Court. We know they are prepared to meet those commitments but would be unable to do so without federal participation. In provinces like Ontario, and elsewhere, everyone recognizes the need to establish post-secondary institutions for Francophones. And finally, it is a fact that federal-provincial agreements on education will have to be renewed by March 1993. I am sure our friends opposite appreciate the fact that I am now going to put my question to the Leader of the Government.

Here is my question for the Leader of the Government: Considering that most Francophone communities have historically tended to lag behind, especially in education, and also considering the Mulroney government's commitment in the Official Languages Act, 1988, to enhancing the vitality and supporting the development of official language minorities, could Senator Murray give us the assurance that this will be a major consideration when implementing the measures announced by the minister, Mr. Mazankowski, on December 2?

And second, can he also give us the assurance that no further restraint will be imposed on federal transfers to the provinces in these areas, and finally, that transfer payments will be sufficient to achieve government objectives?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, when the Minister of Finance said in his statement the other day that no further restraint would be imposed on the major federal transfers to the provinces, he was referring to programs like equalization, assistance to post-secondary education and medicare.

These programs are already covered by the Expenditure Control Plan, pursuant to legislation passed by Parliament following the 1991 Budget.

The other programs like those mentioned by the honourable senator are subject to the cuts announced by Mr. Mazankowski. In general, the projected amounts for 1993-94 are to be cut by 10 per cent.

The programs referred to by Senator Simard are the promotion of official languages and official languages in education. The first program has a budget of $50 million a year, so it is to be reduced by $5 million. The official languages in education program has a budget of $250 million and in 1993-94, it is to be cut by $25 million.

I must say that given the economic and fiscal situation facing the Minister of Finance, these cuts do not seem excessive to me.

Senator Simard: I thank Senator Murray for his explanations. I think that in applying a general budgetary directive from the Minister of Finance, public servants too often in the past suggested some cuts that were generally the hardest for the government to accept. Then the government is stuck with those options which are not really viable. For example, I need only take the suggestion made by officials of the Department of National Revenue, Customs and Excise, who proposed closing the border stations in New Brunswick for seven hours and leaving them open for only about an hour a day and some days not at all and closing U.S. entry points to New Brunswick. Of course, in such cases it is up to the government to decide whether or not the suggestions are acceptable.

On this particular point, I remember reading that Minister Valcourt said, "Look, I think that we will do our job and try to cut somewhere else."

I return to my question. I hope that in all government programs, the government will take into consideration not only officials' suggestions but also how far official-language communities are lagging behind and will ensure that some programs are maintained at a zero-growth level, even if it means cutting others by 15 to 20 per cent.

So I thank Senator Murray for his explanations. To conclude, I now come to my second question. Last night a group of parliamentarians met with representatives of athe Canadian Federation of Francophones and Acadians. One thing they told us it that they were promised a meeting with the Prime Minister eight months ago. I would like Senator Murray —

• (1420)

[*English*]

POINT OF ORDER

Hon. Jack Austin: Honourable senators, I rise on a point of order.

The Hon. the Speaker *pro tempore:* Order, please. The honourable senator has a point of order.

Senator Austin: Honourable senators, I want to ask whether the use of all of the Question Period by Senator Simard is designed to prevent this side from asking questions of the government under the rules, or whether the Leader of the Government will agree that none of our time for Question Period has been taken up by Senator Simard's peroration?

[*Translation*]

Senator Simard: Honorable senators, I can assure you that it was certainly not my intention to do that. In the past, senators have always allowed Question Period to be extended. I would also remind you that senators on this side seldom ask any questions and I hope you will be kind enough to allow me to finish.

[*English*]

Senator Austin: Honourable senators, this is an abuse of rule 26. Senators are not allowed to make an extensive preamble to a question. For the record, I think this is an extensive preamble and I believe that this is a matter the Speaker should take under advisement, as to whether or not what the honourable senator has done this afternoon is an abuse of rule 26.

• (1430)

I say that with a certain amount of irony. It is something like watching my least favourite relative drive over a cliff in my brand new BMW.

The topic is significant, but the time for this type of speech is not during Question Period. On the one hand, I congratulate the honourable senator; on the other hand, I cannot appreciate what he is doing.

The Hon. the Speaker *pro tempore:* Honourable senators, I understand that Senator Austin did make a specific reference to the Chair and to rule 26 of the *Rules of the Senate*, which states:

> A preamble to a question, whether it is asked orally or in writing, is out of order. Without giving any lengthy ruling, if honourable senators will agree, I would ask Senator Simard if he would pose his question.

Senator Simard: I was on the second question.

Senator Frith: Honourable senators, the topic Senator Simard is addressing is worthwhile, as is his intervention. The problem is with when he is doing it, because the clock is ticking on Question Period. All we are concerned with is the fact that Your Honour may rise and advise us that we have reached the end of Question Period; and Question Period will have been squandered on a worthwhile point which could have been made under another heading.

[*Translation*]

Senator Simard: Thank you, Senator Austin. I would simply put the following question to the Leader of the government: Could he arrange for the Fédération des communautés francophones et acadiennes to meet and present to the Prime Minister of Canada say, as soon as possible, or after Christmas, its concerns and its proposals so that those have a chance to be fulfilled?

As for Senator's Austin question —

[*English*]

If Senator Austin feels I have abused the Rules of the Senate as they relate to Question Period, I say to him that Question Period is the time when senators are allowed to put urgent questions.

Last night, as I have said, a group from La Fédération des Communautés francophones-acadiennes met with us and indicated they had a pressing and urgent problem. Thus it is my duty, at the first opportunity—and it is surely that—to raise the question.

Furthermore, if Senator Austin feels I have abused the rules of the Senate, I would ask him to remember that Acadians and French-speaking minorities have been abused by the system and, over the years, have had to pay the price. I am sure Acadians, among others, know what we are talking about when we use the word "abuse", and will probably forgive me if I "abuse" the time of the Senate today.

[*Translation*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I would like to continue with the questions raised by Senator Simard because I too believe that it is a very important issue.

I want to make it perfectly clear that if there were comments from this side of the chamber, it was not because we thought that the issue was unimportant. It is just that it was perhaps contrary to the Rules of the Senate. But perhaps we should indeed have some in applying the Rules.

Mr. Speaker, I hope that in the present case you will be flexible since the Question Period was somewhat truncated by a speech. Granted, it was an important speech, but I do hope that you will not stick to the Rule.

In any case, Senator Simard, I would have many more questions to ask myself but I know that certain of my colleagues have some as well.

I have questions to ask on others topics but I will give the floor to my colleagues now and come back later with more. I must say that I am in total agreement with the seriousness of the problem you raised.

[*English*]

Senator Austin: Honourable senators, I had risen just as Senator Simard rose, and I deferred to him when he put a question to the chamber. This is not the time to answer the points he made, except to say that the single issue before us at the moment is to follow the rules during Question Period, and for the opposition to be given this time, which is its historic time in parliamentary convention, to ask the government to account to the people of Canada for its conduct.

[Senator Simard.]

THE ROYAL FAMILY

FORMAL ANNOUNCEMENT OF SEPARATION OF PRINCE AND PRINCESS OF WALES—CONSULTATION WITH CANADIAN GOVERNMENT

Hon. Jack Austin: Honourable senators, my question is for the Leader of the Government and relates to the announcement made yesterday by the British Prime Minister, John Major, with respect to the separation of the Princess and Prince of Wales. Was the Government of Canada or the Governor General in any way consulted with respect to this change in marital relations of the Prince of Wales who is the Crown Prince of Canada?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have no idea.

Senator Austin: Would the government leader undertake to make inquiries? In my opinion, the question of the standing of the Crown in Canada is an important constitutional question.

Senator Murray: Yes, honourable senators.

ECONOMIC STATEMENT

CURTAILMENT OF CUTS RELATING TO OFFICIAL LANGUAGES PROGRAM—GOVERNMENT POSITION

Hon. Roméo LeBlanc: Honourable senators, to return to the subject raised by Senator Simard, I listened with great interest to not only his question, but to the answer of the Leader of the Government in the Senate. If there is one place where we should be able to talk about minority problems, especially those related to official languages, it is in this chamber.

I wish our rules were flexible enough so that, when an evidently important subject such as this is raised, we could quickly extend Question Period. Surely, if senators agree on the substance of a question, an extension should be granted promptly.

That being said, I think Senator Murray gave us a very important answer. I understand that when the responsibility of reduction of expenditure seizes a government, it is never a delicate operation. It is not a matter for fine surgery; it is more a matter for the sword and the axe.

However, I am sure Senator Murray understands that those who have the least supply of oxygen should not be cut off at the same level as those who have an abundance of oxygen available. Obviously I use the word "oxygen" in place of the word "culture".

The survival of the official language minorities in this country, as assumed by successive federal governments going back to the Lévesque-Massey Commission in the time of Louis St. Laurent, must be examined very carefully before being subjected to the rather indelicate type of cuts that take place when the mood grabs a cabinet, whatever political parties are involved.

Hon. Lowell Murray (Leader of the Government): I do not disagree with a word I have heard from the honourable senator, or from my friend Senator Simard, who is himself a former Minister of Finance for New Brunswick and understands some of the pressures that are on the treasuries.

This year, most of the cuts in grants and contributions are being done, I acknowledge, across the board. However, a certain amount of flexibility is allowed. The fact of the matter is that the two programs that we are talking about here have been protected—I say completely—in further cost-cutting exercises, at least in my time in the cabinet.

The two programs are, first, the Promotion of Official Languages Program which, as the honourable senator well knows, provides assistance to official language communities by virtue of the amendments to the Official Languages Act of 1988; and, second, the Official Languages in Education Program which does, as I recall, two things: It assists provinces in the teaching of French or English as a second language; and it assists provinces to provide French language education in nine provinces and English language education in Quebec.

• (1440)

Just for the record, let me give honourable senators the statistics relating to the amounts of money that have been involved in the last couple of years. The Promotion of Official Languages Program, which I described as being worth some $50 million for 1993-94, will be cut by 10 per cent, or $5 million.

In 1989-90, the figure for the program was $43.7 million. In 1990-91 it was $45 million. In 1991-92 it was $46.9 million. In 1992-93 it appears that it was $47.2 million.

The Official Languages in Education Program figure for 1989-90 was $246 million; for 1990-91, it was $256 million; and $265 million for 1991-92. The figure I have here for 1992-93 is $261 million, which would, I think, include the compressions that were announced toward the end of this fiscal year.

That is a fair amount of money. As I say, those programs have been protected completely in previous cost-cutting exercises. The amounts that are involved for 1993-94 do not seem to me to be excessive under the circumstances. The federal government is paying and will continue to pay, a good share of the freight for these programs.

We share the frustration expressed by Senator Simard and others that even with the obligations under the Charter of Rights and Freedoms, not all provinces are playing their part.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I would like to continue on this same subject.

What worries me is that I am not overly surprised by the last decision of this government concerning the cultural and linguistic development of the French minority of this country.

It seems we should look at this last event in a more global context. These last months for example, we had the opportunity to experience an attack on French-Canadians with the bill on airport transfer.

Government had to table a bill to maintain some of the rights of the French-speaking employees of the airports managed by Transport Canada.

Recently, Senator Simard announced himself his intention of requesting that government maintain at least the linguistic aspect of the Court Challenges Program.

Just last week we saw what the Minister of Finance wants to cut.

I wonder if this government is still determined not only to maintain the existing programs, but to reinforce them: all the recent figures published by Statistics Canada show that the situation is totally impossible for French-Canadians.

The Hon. the Speaker *pro tempore:* Honourable senators, the rules require that I point out that the 30 minutes allotted for Question Period has now expired. If there is leave, then Question Period may continue.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Mr. Speaker, under those circumstances I ask for unanimous consent to extend the Question Period.

However, if the rules state that it must conclude after 30 minutes, then by the same token the rules also preclude Senator Simard from continuing his preamble for as long as he did, and the Speaker should have interrupted him. I did not object. I do not object now. I think the issue he raises is important, and I have no objections. I simply make the point that if the rule was not applied then, I do not think it should be applied now.

Senator Murray: Honourable senators, there is a principle involved here. I have objected on many occasions to speeches being made during the Question Period from the other side of the house. I have objected without success to the practice.

I know that Senator Simard could have made his speech during the time set aside for Senators' Statements. His speech, or the partial speeches we have heard elsewhere, could also be made during the debate on Senator MacEachen's inquiry, which concerns the economic and fiscal statement of Mr. Mazankowski. If we extend the Question Period every time a couple of honourable senators go beyond the rules and give long preambles, we will have an extended Question Period every day.

Senator Frith: It's a stupid rule in the first place.

Senator Molgat: Honourable senators, the Leader of the Government says he has objected in the past to preambles from this side. I did not hear him object at all today to the preamble of Senator Simard.

Senator Murray: Because I have objected without success every time.

Senator Molgat: If honourable senators will look at the Order Paper for today, they will see that it is not loaded with a whole lot of material that will keep the house going for a long time this afternoon. I ask for unanimous consent to continue with Question Period at this time. I think it is a logical action for the Senate to take.

Senator Murray: I cannot accept that.

The Hon. the Speaker *pro tempore:* Is there unanimous consent to continue with the Question Period?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore:* My understanding is that there is not unanimous consent.

Senator Molgat: Your Honour, if there is not unanimous consent, then I ask that a vote be taken. Let us see whether or not there is unanimous consent.

I move:

> That, by unanimous consent, there be a continuation of the Question Period.

That, Mr. Speaker, is a motion.

Senator Lynch-Staunton: That motion is completely out of order. The honourable senator cannot make a motion to ask for unanimous consent.

Senator Molgat: It is clear, Your Honour, that the government side is opposing unanimous consent for granting an extension of the time set aside for Question Period, even though there was an abuse of the rules by one of their members; an abuse to which I do not object. The government is refusing unanimous consent for an extension of the time.

We know where we stand, Senator Murray.

Senator Frith: It is a stupid rule to begin with, and it has stupid consequences.

The Hon. the Speaker *pro tempore:* Rule 59 states:

> One day's notice shall be given of any of the following motions:
>
> (a) to suspend any rule or any part thereof . . .

Quite apart from that, it is my understanding that there was not unanimous consent, and the rules therefore require that I now read the next order of business, which is Delayed Answers.

Senator Molgat: Absolutely, Your Honour. They are rotten rules imposed by this government. Rotten rules! We object to them. We do not accept them in any way, and the government has again proved today what bad rules they are.

DELAYED ANSWERS

Hon. John Lynch-Staunton (Leader of the Government): I have an answer to a question raised by Senator Olson [Senator Murray.] on December 7, 1992, regarding the effect of the agreement between the United States and the EEC on the international grain markets.

AGRICULTURE

RESOLUTION OF DISPUTE ON EUROPEAN AND U.S. GRAIN SUBSIDIES— EFFECTS ON INTERNATIONAL GRAIN MARKET

(Response to question raised by Hon. H.A. Olson on December 7, 1992)

Canada warmly welcomes this breakthrough in the oilseeds dispute and in the Multilateral Trade Negotiations (MTN) on agriculture.

This agreement is welcome news for Canadian oilseed producers who have also suffered nullification or impairment of their access to the Economic Community (EC) market.

For the first time, there is now some kind of limit on EC oilseeds production. The new EC oilseed regime, which became official in December 1991 for the 1992/93 crop year, provided for a system of Maximum Guaranteed Areas (MGA) for payments for rapeseed, soybeans and sunflower seed. The total area of 5.621 million hectares consists of 2.377 million hectares (mln. ha.) of rapeseed, 2.735 mln. ha. of sunflower seeds (sunseeds) and 509,000 ha. of soybeans.

The tentative agreement between the EC and the U.S. calls for a reduction in the MGA to a level of 5.128 million ha.

The new MGA is to be effective for the 1995/96 crop year. A special regime applies for the 1994/95 crop year to take into account transitional arrangements for Spain and Portugal. The MGA is to be reduced by the Community set-aside requirement (currently 15 percent), and by a minimum of 10 percent or a maximum area of 4.615 mln. ha. once the agreement is fully in place.

If this maximum hectarage is exceeded, oilseed producers in the EC will receive smaller EC subsidy payments on all oilseed plantings. This will restrain planting and oilseed production. The EC has also agreed to enter into binding arbitration if the United States believes the agreement has been breached.

The agreement on MTN agricultural issues will aid Canadian oilseed producers. The 20% reduction in internal supports coupled with the export restraints, 21% on the volume eligible for export subsidies and a 36% reduction in export subsidy expenditures will create a more stable and predictable market which should help Canadian producers to once again penetrate the EC market while preserving their third country markets.

ORDERS OF THE DAY

INTELLECTUAL PROPERTY LAW IMPROVEMENT ACT

SECOND READING—DEBATE ADJOURNED

Hon. James F. Kelleher moved second reading of Bill S-17, to amend the Copyright Act, the Industrial Design Act, the Integrated Circuit Topography Act, the Patent Act, the Trade-marks Act and other Acts in consequence thereof.

He said: Honourable senators, I am pleased to rise in my place today to move second reading to Bill S-17, the intellectual property law improvement bill.

This Chamber is well aware that measures to streamline and modernize Canada's intellectual property protection have been an important part of the agenda for economic renewal that the government has had in place since 1984. This government recognizes that ideas and innovations are the hard currency of today's knowledge-intensive economy. Legislation to protect invention and to reward creativity are integral to Canada's competitiveness and prosperity.

In 1987, we passed amendments to the Patent Act. The following year came important revisions to the Copyright Act. In 1990, we saw the passage of the Integrated Circuit Topography Act and the Plant Breeders' Rights Act. Today we have legislation in Canada that responds to today's needs for intellectual property protection. This is a tribute to the dedication, determination and commitment of this government.

Honourable senators, the legislation before us today is not as far-reaching as the previous efforts to streamline and modernize intellectual property. This bill includes technical revisions rather than sweeping reforms. Its objective is to improve intellectual property administration, practice, and procedures.

Honourable senators will be aware that the government has measures in place to review and revise its IP status. We do not want to be in a position again where decades go by before we can bring IP legislation up to date with modern requirements. This bill complements but does not replace this revision process. It amends various sections of five pieces of legislation: The Patent Act, the Trade-marks Act, the Copyright Act, the Industrial Design Act, and the Integrated Circuit Topography Act. Each of these acts relates to separate and distinct aspects of intellectual property. However, I think that honourable senators will recognize that, from the perspective of the marketplace, the statutes are closely related. Collectively, they provide the framework legislation that governs innovation in Canadian industry and research organizations. I wish to provide this chamber with just a few examples to illustrate the issues involved.

Under the Patent Act, an applicant is required to fully describe his or her invention. Some court decisions have indicated that these disclosure requirements must be satisfied by a written description. Honourable senators will be aware that some of the most important innovations today are in the field of biotechnology. In many situations, it is virtually impossible to use a written description to fully and adequately describe a new biological material. This legislation would permit the deposit of a sample of biological material to complement the disclosures required under the Patent Act.

The amendments would also enable the Patent Office to allow for the full electronic filing and processing of patent documents. This is an important step in creating a fully automated patent office by 1996.

The legislation will also correct a potentially serious technical problem in the existing Patent Act. Senators may be aware that, under the current provisions, the filing of a patent application automatically can, in certain circumstances, withdraw the protection of any previous application. This can create serious problems when protection from an earlier application is inadvertently removed. The internal priority provisions of this legislation remove this danger.

Those provisions will also facilitate the filing of patent applications in that, in certain circumstances and for a limited time, new inventive subject matter can be combined in one application with the subject matter of an earlier application. The application will retain the benefit of the initial filing date for the originally-filed material.

One of the amendments to the Trade-marks Act contained in this bill recognizes changes that have taken place since 1954 when the current provisions were put in place. A generation ago, licensing of trademarks was not a common practice, but today consumers have come to recognize that trademarks often do not identify one single entity, but rather a group of entities. This amendment abolishes the requirement to record licensees as registered users.

In the area of copyright, this bill addresses a few of many changes that the government is contemplating. These amendments will improve the operation and administration of the copyright office.

Finally, certain amendments to the Industrial Design Act are included in this legislation to protect industrial designers. I would remind honourable senators that most of this legislation in this area has been woefully out of date for decades. Successive governments have attempted to bring it in line with modern needs and have failed. The bill would ensure that the validity of an industrial design registration is not affected by failure to mark a protected article when registration was filed in the wrong name. These amendments are viewed as critically urgent by those who work in the field of industrial design.

Honourable senators, these revisions were developed in close consultation with Canadian creators and users of intellectual property. I would like to take this opportunity to thank the Intellectual Property Advisory Committee (IPAC) for its contribution. Since its creation in 1988, IPAC has been the central consultative forum for discussing the modernization of

Canada's IP statutes. The committee includes 18 nongovernment members. They bring their experience from organizations and associations that represent the many facets, interests and viewpoints in intellectual property—business, cultural groups, consumers, universities, researchers, and expert practitioners.

The legislation before us today implements the recommendations for which there is consensus within the advisory committee. It relates to five different intellectual property statutes which, as I mentioned before, are closely related and collectively provide the framework legislation that governs the innovative activities of Canadian industries, research organizations and businesses.

It is fair legislation, necessary legislation, and I urge this chamber to support it and give it speedy passage.

On motion of Senator Frith, debate adjourned.

CANADIAN HUMAN RIGHTS ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kinsella, seconded by the Honourable Senator Oliver, for the second reading of Bill S-15, An Act to amend the Canadian Human Rights Act (sexual orientation)—Honourable Senator Molgat.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I think this bill is not a good idea. Although its motivation is good, it ought to be withdrawn. There are three reasons for that:

I think it is unnecessary and establishes a dangerous precedent in the relationship between Parliament and the courts. Second, it runs the risk of defeating its objective. I think those who support the objective of this bill should quit while they are ahead because they are better off as they stand now without this bill. I will briefly explain why. Third, I think it creates a procedural problem in Parliament that ought to be clarified.

First reason: The starting point is that discrimination on the basis of sexual orientation had no basis in explicit statutory law. The words were not included in the relevant law as to human rights and, therefore, in the jurisdiction of human rights commissions. But the matter was argued before the courts and, as Senator Kinsella explained in his statement, there was a reason for the courts to approach this question and encouragement because of the *Schachter* case which set out, in general terms in the Supreme Court of Canada, the circumstances and the conditions in which a provision could be read into legislation.

Senator Kinsella's intervention gave us a very thorough and learned explanation of the *Schachter* case, but the case that is really on point, and directly involved in what is before us, is the *Haig* case. There was an importance in the *Schachter* case because, in effect, what the court said in the *Haig* case was that it would read sexual orientation into this legislation and therefore establish a protection against discrimination, but that a check would be made with *Schachter*, the Supreme Court case, to be sure that it would not run afoul of its principles.

Having done that in the *Haig* case, the Ontario Court of Appeal in effect read this protection into the legislation. Remember that both the Charter and the legislation are relevant when it comes to this protection.

There was a lower court decision that went up to the Court of Appeal. That lower court decision was stayed for six months in order to maintain the status quo, to see if the Crown wanted to appeal against the reading in of these provisions.

The case arrived at the Ontario Court of Appeal. The Crown did appeal, asking that the judgment be set aside. The respondents cross-appealed, asking for a declaration "that homosexuals are entitled to equal benefit and equal protection of the *Canadian Human Rights Act*" and "that homosexuals are entitled to seek and obtain redress against discrimination on the ground of sexual orientation from the Canadian Human Rights Commission".

The judgment delivered by Mr. Justice Krever in the Ontario Court of Appeal was lengthy and closely reasoned. I will just read the highlights that are important for us.

Though section 15 (1) of the Charter does not, in express terms, include sexual orientation as a basis of discrimination against which constitutional protection is guaranteed, Mr. Justice Krever found as a matter of law that:

> s. 15 (1) of the Charter provides protection not only to the enunciated grounds but also to grounds that are analogous to them . . .

Then he cites a 1989 Supreme Court case, and continues:

> — Courts in Canada have acted on the premise that sexual orientation is an analogous ground or is a ground covered by s. 15 of the Charter.

Then he cites some cases.

Senator Murray: We would not appeal that because that is the position that the Attorney General of Canada has taken.

Senator Frith: Of course. I agree with the original position of the Attorney General of Canada and the government on this matter.

Mr. Justice Krever found that while all prohibited grounds of discrimination listed in section 15 (1) of the Charter can give rise to successful actions under the Canadian Human Rights Act, "homosexual persons, who fall within a ground analogous to the constitutionally protected ground of sex, are, by exclusion, denied access".

He concluded:

> The failure to provide an avenue for redress for prejudicial treatment of homosexual members of society, and the possible inference from the omission that such treatment is acceptable, create the effect of discrimination offending s. 15(1) of the Charter.

Therefore the omission resulted in an offence against the Charter. Then the Crown expressly disallowed reliance on section 1 of the Charter, that is, such reasonable limits in a democratic society, et cetera. Mr. Justice Krever goes on:

> . . . the denial to homosexual persons of the equal protection and equal benefit of the law without discrimination by reason of the denial to them of access to the remedial provisions of the *Canadian Human Rights Act* must be held to be unjustified in a free and democratic society.

That only left the appropriate judicial remedy. Striking down section 3 (1) of the *Canadian Human Rights Act* would be, of course, a pyrrhic victory to the respondents, those promoting the need for protection. Not only would they not gain access to the act, but large numbers already covered would lose their access; an absurd result, though this is what the Human Rights Commission, as intervener, was requesting.

The remaining choices were: Strike down section 3 (1), but temporarily suspending the declaration of invalidity in order to give Parliament time to repair the defect, as Mr. Justice MacDonald did, or as the Court of Appeal did, reading into section 3 (1) "sexual orientation" as an additional ground of discrimination. Mr. Justice Krever, on behalf of the Ontario Court of Appeal, chose the latter option. In other words, he read it in. Instead of postponing to ask Parliament to intervene, which is what we are doing, the court said that the better remedy would be to just read it in and it would be a part of the law. Therefore, Mr. Justice Krever ordered that:

• (1510)

> The Canadian Human Rights Act be interpreted, applied and administered as though it contained 'sexual orientation' as a prohibited ground of discrimination in s. 3 of that Act.

What did that mean? It was a complete victory. It meant that the objective of having sexual orientation as a ground was fully achieved without passing another law, without changing the statute, because the court said that was the way it was to be interpreted.

Now to have Parliament say, "You were right, court; we will now pass a law patting you on the head and saying you were right," which is what passage of this bill will do. I was able to find no precedent for Parliament ever having done that. It is very common for Parliament to say, "You were wrong, court; that is not what we wanted it to mean, and that is not what we want the law to be. We want it to be so and so." In other words, legislation to correct judicial interpretation is quite common.

Another common occasion for Parliament to intervene in these circumstances is when the court comes to a certain conclusion, saying that it did not know what Parliament meant and that, if there is a problem, it is up to Parliament to correct it.

The problem here is that there is no problem. There is no problem because the Court of Appeal of Ontario fulfilled the objective. The only problem left is that this law is binding only in Ontario. However, any lawyer would agree that it is persuasive and would probably be followed in any other jurisdiction and, if it were not, then an appeal to the Supreme Court of Canada would be required to clarify it.

That is ground number one for asking the sponsor of this bill, in spite of his excellent motivation, to withdraw it because it is unnecessary and creates a dangerous precedent, which is that every time someone likes a decision of a court, they ask Parliament to pat the court on the back and tell them they did the right thing. It is unnecessary, and superfluous.

The second reason this bill should be withdrawn is because it will create risks, which defeats its purpose, and here is why.

The law now stipulates that this is a ground of discrimination. If I were to act as a lawyer in this matter, and complain to a Human Rights Commission that there has been discrimination on the basis of sexual orientation, someone representing the discriminator would oppose me, saying, "The law does not say that this is a ground. You have no ground and no right to be here." As a lawyer I would then cite the *Haig* case. The *Haig* case sets the precedent not only in Ontario but everywhere else, until a court refuses to follow it outside of Ontario. In Ontario and everywhere else it is law until a court refuses to follow it and the Supreme Court of Canada changes it. Inferior courts—courts of first instance—in all other provinces will not only be persuaded, but consider themselves bound by the Ontario Court of Appeal decision unless their own Court of Appeal changes it.

So there I am; I have everything I could have as if I had it in the Charter or had it in the human rights legislation. My friend has no answer. The law is on my side.

Then my learned friend would say to the court or the Human Rights Commission, "Oh, no!" That is what the Court of Appeal said, but these people would not quit when they were ahead, and it is now before Parliament. There is a bill in the Senate that has not been passed. Now it is not clear. Until this initiative was taken, it was clear. I was a winner relying on the *Haig* case, but now my opponent says, "We do not know what will happen. We do not know what Parliament's intention is because the bill is sitting in the Senate. It might even be defeated in the Senate." Then the cat is really out of the bag. My opponent will tell me that I do not have a case on the grounds of sexual discrimination because that is not in the Charter. He will tell me that the *Haig* case, is no longer applicable because we do not know what Parliament really meant. He will say, "They are still thinking about it."

Let us assume the bill is passed in the Senate and is then returned to the other place. We know there are people in the other place who are opposed to this bill. They will let it languish on the Order Paper because the longer it sits and is not passed, the further ahead they will be.

My second ground for asking the sponsor of the bill to withdraw it is that I think we should quit while we are ahead. We have made terrific headway. The Court of Appeal of Ontario, with no other court opposed to it, is saying that the law must be treated as if it is a ground. Leave it alone.

Honourable senators, my third ground is that the government has introduced a bill which further complicates the issue. My opponent will argue, not only is there a bill in the Senate, but there is a bill in the House of Commons. There are two bills before Parliament. No one knows what Parliament wants. The Senate is talking about it; the House of Commons is talking about it. They have not settled on it. I can tell you that is certainly what I would argue if I were on the other side.

The *Haig* case is immediately put into question by this unnecessary legislation. If I were a lawyer acting for homosexuals who felt they had been discriminated against, I would say, "Please, leave me with the *Haig* case and do not put the matter to a debate." I do not know how anyone in Parliament will vote, and therefore what Parliament's intention was.

Honourable senators, we then have the procedural problem. If Senator Kinsella does not wish to withdraw the bill—which I think he should for the reasons stated, because I think he is, unwittingly, giving aid and help to his enemy—he is actually helping those opposed to his initiative by bringing forward this bill and rescuing them from the *Haig* case.

Now we have a situation where we have a bill in the Senate and a government bill in the house. We should be careful because, if Senator Kinsella withdraws this bill, that part of the problem will be solved, but the existence of the bill in the other place will still put the *Haig* case in question.

Beauchesne's 6th Edition at page 192, citation 624(3), reads as follows:

> There is no rule or custom which restrains the presentation of two or more bills relating to the same subject and containing similar provisions.

Honourable senators, that is exactly our situation.

> But if a decision of the House has already been taken on one such bill, for example, if the bill has been given or refused a second reading, the other is not proceeded with if it contains substantially the same provisions —

which it does —

> — and such a bill could not have been introduced on a motion for leave. But if a bill is withdrawn, after having made progress, another bill with the same objects may be proceeded with.

My opinion is that both bills should be withdrawn, and we should let the whole matter evolve with the *Haig* case. We do not have a problem anywhere in Canada with the *Haig* case. We might have a problem, but it is an easily solved one. If a court in New Brunswick or elsewhere refuses to follow the *Haig* case, then the Supreme Court of Canada can deal with it. Parliament's intervention in such circumstances is quite inappropriate and, as it happens in this case, hostile to the actual objectives of the bill.

If Senator Kinsella does not wish to withdraw the bill, we should refer it to the Chair for a ruling on the question of the two bills.

[Senator Frith.]

Some Hon. Senators: Hear, hear!

Hon. Noel A. Kinsella: Would the honourable senator permit a question?

Senator Frith: Yes, of course.

Senator Kinsella: Honourable senators, I want to thank the Leader of the Opposition for joining in the debate on Bill S-15.

The question I have is this: Does the honourable senator agree that the Canadian Human Rights Act deals with a number of areas of activity in addition to employment and the employment relationship?

● (1520)

For example, in the *Haig* case the court was addressing the employment relationship. Bill S-15 tends to deal with that in section 2, to amend subsection 3(1) of the Canadian Human Rights Act. But another activity that the court did not deal with in the *Haig* case is the whole area of promoting the end and purpose of the Canadian Human Rights Act. More importantly, the Canadian Human Rights Act provides that the Canadian Human Rights Commission can take steps to promote the welfare of a group of persons.

In section 16 of the Canadian Human Rights Act, which bill S-15 proposes to amend—and you will see this on page 2 of the bill—sexual orientation is now missing from the affirmative action provision. Haig does not deal with that at all. This is a provision which you will find in seven of the human rights acts across Canada. You find this provision in the human rights acts of British Columbia, Manitoba, Ontario, New Brunswick, Nova Scotia, Québec and the Yukon.

We have discussed this, but the Honourable Leader of the Opposition is not very helpful. This bill deals with section 16 and attempts to amend it as well.

Senator Frith: That would be a concern if the court had simply pronounced on the case before it. If the court had simply made an order in the *Haig* case saying, "On questions of employment discrimination" and so on, it would be different. But by Senator Kinsella's own argument in his presentation, they went much farther than that. They read it in. They have not said, "On the issue before us we think that on employment questions," and so on. They say that it provides protection. That is why I read those things into the record.

The order that was made is the Canadian Human Rights Act, including all the sections that are in it—that is, any section in any of these acts can be interpreted, applied and administered as though it contained sexual orientation as a prohibited ground of discrimination.

I understand the point Senator Kinsella is making, but he is unnecessarily limiting the effect of *Haig*. *Haig* is a very bold decision and is very clear. I would have no trouble with it as a lawyer. Anyone trying to distinguish it would have a difficult time. That is what I have to say about point number one. My

second point is that it risks hurting itself, the movement or the objective.

We should clean the third one up before we do anything, because we have a problem of parliamentary procedure that, for the moment, transcends all these other issues. In other words, it would apply and should be straightened out even if the bill were about coal mining, or something else.

Senator Kinsella: It is my understanding that, in the other place since last June, they have had a bill which was proposed to amend the Human Rights Act, much along the lines of what we have done in Bill S-15. Happily, the Minister of Justice showed his leadership by bringing forward a bill in a difficult but important area. I was pleased to see her do so.

They have two bills presently in the House of Commons. This is a third bill. However, I have not had an opportunity to examine in detail the other bill, so I do not know how substantially different it is. I know that it is more generous in dealing with other issues, though.

Could you comment on those two bills in the House of Commons?

Senator Frith: That is very relevant to the third point I am raising. If there is a third bill, it should definitely be included in our request for a ruling, as well as anything else like that which will affect the purely parliamentary aspect.

If it turns out, for example, that it all shakes down into a government bill that eventually comes here, then my only problem with it would be that it might set up a precedent for this business of double curing; when a situation is cured by the courts, why then have Parliament come along and double cure it? And how often might we be asked to do the same thing in other cases? We would have to see what the bill said before we could come to that conclusion.

The risk still exists that we will muddy waters that are otherwise clear. One pool that we should clear is the parliamentary question I raised. Senator Kinsella amplified that by saying that if we are to do it for this bill and the bill that was announced this morning, then let us make sure that we cover any other bills on the subject, too. I agree with that.

[*Translation*]

Hon. Gerald A. Beaudoin: Honourable senators, I would like to say something (not on the procedural issue, I leave that to senator Kinsella, but on the basic issue) regarding your belief that Parliment should not get involved at this stage because the courts and the Ontario Court of Appeal have concluded, based on the "Reading in" theory, that it was a form of discrimination.

Several provinces have already passed legislation on this issue. Personnally, I do not think that it is a bad thing if the Parliament of Canada, which is clearly within its jurisdiction, gets involved to make explicit, in a statute, what the Ontario Court of Appeal has already declared implicit.

How many times has the Supreme Court of Canada said that Parliament must take its responsibilities regarding rights and freedoms. (We can agree or not with this decision, I am not challenging this statement) but the Ontario Court of Appeal says that it is a form of discrimination.

Personally, regardless of the procedural aspect, I do not think that anything prevents the Parliament of Canada from saying explicitly that it is a form of discrimination. You seem to be saying: "Yes, but let's wait until another provincial court of appeal says the opposite, and then the issue will be brought before the Supreme Court of Canada".

I have a lot of respect for your opinion, but one can just as well claim that Parliament would do a service by assuming its own responsibilities. However, I agree that this certainly does not settle the procedural issue.

Senator Frith: Honourable senators, the comments made by Senator Beaudoin might apply to another situation. But in this case, it is not a matter of simply saying that it is a base for discrimination.

It is a question of "Reading in", which is not the same as simply saying that, generally speaking, it is a basis for discrimination.

We can read "as if they are there". It is a sure case of "Reading in". It is for this reason that, in my opinion, that it is dangerous in such a case for Parliament to say: You are right, it is there. This is especially true when there is a risk of a kind of "interregnum", when the situation is not clear. Right now the situation is clear right now. It is possible that another province might decide to not abide by this decision. This is a possibility.

This is a problem which is often solved, as you know, between the courts. It is not a problem which requires an intervention from Parliament.

The statutes of the provinces are another issue indeed. It is a field which is not within our jurisdiction anyway.

• (1530)

[*English*]

Hon. Lowell Murray (Leader of the Government): Honourable senators, I rise for the purpose of proposing the adjournment of this debate. Before I do so, let me say that I followed with considerable interest the speech delivered by the Leader of the Opposition this afternoon on this subject. I heard him say that Senator Kinsella's bill would, it seemed to him, simply give the court a pat on the back; confirm a decision the court had taken as to what the law is on this subject. I was going to ask him whether he would make the same argument against Bill C-108, of which notice was given yesterday in the other place by the Minister of Justice. It was given first reading today. I wanted to ask him that question, hoping the answer would be no. However, it is fairly clear from his speech that the answer would have been yes. He would make the same objection —

Senator Frith: Almost.

Senator Murray: Almost the same objection to the government bill as he has made to Senator Kinsella's bill. Ms

Campbell obviously accepts the law as stated by the Ontario Court of Appeal by having Parliament establish the parameters for that law. She would argue that this is not only legitimate, but a necessary role for Parliament to play. That is for the future.

The situation we are in at the moment is that the Leader of the Opposition has also raised an important point of order concerning this bill, in parliamentary terms. We will have to leave it to the Chair to rule on the point of order in due course. If we still have a bill after the Chair has ruled, I will speak to it, so perhaps I may pose the adjournment.

Senator Frith: Honourable senators, in case the Leader of the Government does speak, I want to be sure that we are clear. If we were only looking at the minister's bill, then, as long as it passed quickly, it would not create problem number two.

Senator Murray: You have it within your power.

Senator Frith: I am not sure. Although it may be a rumour, I have heard—perhaps it is a vague rumour—about something called a "family caucus" that is part of the PC caucus. I have never heard of it on the Liberal side. I am not trying to be funny about this. The point is, as I have said more delicately, there are opponents; people who have the interest of slowing it down. If they slow it down, they create this interregnum of doubt.

I agree that we will have to see what the bill does. It may be that the government bill may seek to do more than this bill does, which could reduce the potential harm of any precedents There could be more objectives to the bill than simply patting the court on the head.

The Hon. the Speaker: Honourable senators, I shall defer my ruling to a later date. Does the Leader of the Government wish to adjourn the debate?

Senator Murray: Yes, Your Honour, pending your ruling.

On motion of Senator Murray, debate adjourned.

POINT OF ORDER

BILL TO DISSOLVE OR TERMINATE CERTAIN CORPORATIONS—REMARKS OF SENATOR STOLLERY DURING DEBATE—SPEAKER'S RULING

The Hon. the Speaker: Honourable senators, I wish to address the point of privilege raised by Senator MacDonald (Halifax) yesterday in referring to the speech by Senator Stollery, made on the December 8. We did some research on this and we found that Senator Stollery, when reading the "blues," had scratched out the words to which Senator MacDonald referred, as he is entitled to do according to *Beauchesne's, Sixth Edition*, page 301, citation 1117(2). It reads:

> Corrections may be made to *Hansard*. If the correction is of a very important nature the Member shall rise in the House when Motions are called to explain the correction. At this time the House gives its approval to the change. However, if the change is minor the Member should inform the Editor of Debates directly, in order to have the correction made.

[Senator Murray.]

I consider this matter to be relatively minor, so my ruling is that the case should be closed.

Hon. Peter A. Stollery: Honourable senators, I would only add that I am very pleased that Senator MacDonald reads my speeches so carefully and with such great interest. I thank him.

Hon. Finlay MacDonald: Honourable senators, Senator Stollery should know that the personal affection that I hold for him is second only to the respect, affection and regard in which I hold my colleague Senator Chaput-Rolland. I heard what you said, senator. I should have thought that possibly an expression of regret might have been more suitable at this time.

Senator Hastings: Why?

PRIVATE BILL

DAI AL-MUTLAQ—BILL TO INCORPORATE—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Atkins, seconded by the Honourable Senator Doyle, for the second reading of Bill S-13, to incorporate the *Dai al-Mutlaq* as a corporation sole in Canada.—(*Honourable Senator Frith*).

Hon. Philippe Deane Gigantès: Stand.

Hon. Lowell Murray (Leader of the Government): Might I ask Senator Gigantès, who has stood this item now for some time, what his intentions are with regard to the matter?

Senator Gigantès: Honourable senators, both Senator Corbin and I have received massive material about this bill from people who have written to us. Some of it is difficult to decipher because the photocopying is poor. I am studying it. So far it only confirms what I have said before. This particular community is bitterly divided. Some in the community accuse the Dai al-Mutlaq of being engaged in criminal activity, that he is extremely dictatorial, often violent. These people object. There is also an inquiry in India.

• (1540)

I would like to further study the material I have received, as would Senator Corbin, in order that we can object more strongly than we have so far. This is not only to object to the principle, but to the business of following past precedents and perpetuating a bad habit, as I stated during Opus Dei. In the past we have allowed religious organizations to come here and get a Senate "blessing", imprimatur or some help in making their affairs easier to run than by applying to the provinces. I object to that, whatever the religion; Greek Orthodox to start with, if you like.

I also object in particular to this case because of the grave disputes in this community and the fact that there are two factions. I think we should stay right out of it. However, I want to say more on this issue when I have studied the material that reached me today. It is very thick.

Hon. Consig[illegible]i Nino: Honourable senators, I am not familiar with thi[illegible]rticular bill. I will attempt to inform myself a little bet[illegible]

However, it would seem to me that the appropriate place for the type of discussion Senator Gigantès and I are looking forward to, since my interest is piqued, would be in committee.

The Senate is not passing the legislation. All that is being suggested is that this particular piece of legislation progress in the normal manner in order that the committee can appropriately study the views of different people on this issue.

Senator Hébert: He wants closure as soon as possible.

Senator Gigantès: Honourable senators, second reading is approval in principle. I disapprove in principle. That is why I am objecting to second reading being given to this bill.

Senator Di Nino: It sounds to me that the honourable senator would rather not give this bill second reading. That is an option that the senator has. If the honourable senator wished to have a vote on the motion, we would be pleased to do that. However, I certainly do not think that we should stall this bill.

Senator Gigantès: Honourable senators, this is not an important bill for anyone except the Tory lawyer who asked his friend Senator Murray, who asked his friend Senator Atkins, to burden the Senate with this ridiculous and improper issue. I do not see why we on this side have to play along to get a fat Tory lawyer a fat fee.

Hon. Norman K. Atkins: Honourable senators, I rise on a point of order. I would like to clear up certain matters. First, the Leader of the Government in the Senate did not request that I introduce this bill. Second, the honourable senator has stated that if this bill were to go to committee and was passed at second reading that this would be approval in principle.

I refer the honourable senator to *Hansard* of five years ago, when a similar bill was presented before this place. Senator Stewart rose and made the point that he was prepared to pass it at second reading and refer it, without making the assumption that there was approval in principle. The place to deal with this is in committee.

Third, I do not know what the honourable senator's information is with regard to this inquiry in India. I have now received information from the senior counsel to the Dai al-Mutlaq that he is absolutely unaware of any inquiry that is taking place in India.

I hope that this is an opportunity for this bill to be moved along and referred to committee where all these issues can be dealt with appropriately.

Senator Hébert: With closure and closure and closure.

Senator Gigantès: Honourable senators, I object in principle. This is what debate on second reading is about. I am standing this bill in order to come armed with even more arguments than I have so far in order to object in principle to this bill.

Senator Di Nino: Honourable senators, Senator Gigantès states that no one cares about this bill and he made some comments about a "fat fee" for some lawyer.

Honourable senators, I am speaking here without a great deal of knowledge, but I believe there is a group of people behind this bill who care greatly about it going forward. Citizens of Canada are saying to us, "Would you proceed with the bill and let the record show that there are people who care about what is going on."

POINT OF ORDER

Hon. Gildas L. Molgat (Deputy Leader of the Government): Honourable senators, I rise on a point of order. It appears to me that the Speaker has allowed a debate to proceed on a matter that is not debatable. Senators from all sides have risen, and I believe the only question was whether the adjournment would stand.

The Hon. the Speaker *pro tempore:* Are honourable senators suggesting that there should be a ruling? I only attempted to extend the courtesy to senators on both sides to express their opinions on the matter. I believe that is all the Chair can do on this type of debate.

Senator Molgat: I am not seek a ruling. I only want it to be clear to the Senate that sometimes the rules are applied; sometimes they are not.

Senator Gigantès: Honourable senators, rule 76 states:

> The principle of a bill is usually debated on second reading.

That is not at committee stage. Usually that is before committee stage. This is one of the usual occasions, as far as I am concerned, for debate.

The Hon. the Speaker *pro tempore:* My understanding is that unless there is a motion to the contrary, the matter is now stood; it is adjourned. Orders of the Day will continue with the next order.

[*Translation*]

SCRUTINY OF REGULATIONS

CONSIDERATION OF EIGHTH REPORT OF JOINT COMMITTEE—DEBATE ADJOURNED

On the Order:

The Senate proceeded to consideration of the Eighth report of the Joint Committee for the Scrutiny of Regulations (Territorial Lands) presented on December 3, 1992.

Hon. Normand Grimard: Honourables senators, the eight report of the Joint Committee for the Scrutiny of Regulations deals with certain orders made by the Governor in Council

under paragraph 23(d) of the Territorial Lands Act. According to the committee's reading of this paragraph, the Governor in Council was not empowered to make the order in question. On the other hand, the Department of Indian Affairs and Northern Development brought forward an interpretation according to which the Governor in Council was entitled to make such orders. As explained by the committee in its eight report, these differing opinions result from an ambiguity in the English version of the enabling clause which can give rise to two interpretations.

However, as demonstrated by the committee in its report, the French version of the same paragraph is clear and unambiguous and its interpretation is the one given to the English version by the Committee.

[*English*]

As we point out in our report, in a case where one version is capable of more than one meaning and the other version is capable of only one meaning, the principle of the equal authenticity of the two versions of a federal enactment requires that the meaning that is common to both versions be chosen as the correct meaning of the enactment.

[*Translation*]

Following this constitutional principle, our committee came to the conclusion that according to the correct interpretation of the power vested under this paragraph, the Governor in Council had no authority to make the orders in question. In order to prevent any future misuse of the authority delegated by Parliament, our committee recommended to the government to include in the next Miscellaneous Statute Law Amendment Bill an amendment designed to remove the ambiguity noted in the English version of this paragraph.

• (1550)

[*English*]

For honourable senators who have an interest in this issue, I should also mention that the government has been requested to table a response to the report in the House of Commons.

[*Translation*]

Honourable senators, I would like to add, if I may, that the Committee for the Scrutiny of Regulations is a no partisan committee. I have been a member of this committee for two years and have been chairing it for one year, and I have come to realize that it is indeed the case. I take this opportunity to thank all the honourable senators who sit on the committee, particularly the representatives of the Liberal Party, like Senator Lewis and Senator Rizzuto, who are regulars to our meetings and with whom we have no problem reaching a consensus.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I wish to commend Senator Grimard and his colleagues for their work on the committee. I know this is not a very exciting committee to most people. It is not publicized much. It is not the kind of committee that attracts many senators, the fact remains that it is probably the most important one, as the protector of the general public. We pass many laws in this place but, more often than not, it is not the law that is important, but the regulations made under this law.

These regulations do not go before Parliament. They are made by the Public Service.

I am not saying that they do not act out of good intentions or anything like that, but the Public Service does have a function and that is generally to make things go smoothly from their point of view, but the public may not always share their view.

The role of the committee is to make sure that the regulations do not distort, that they are in line with the intentions of Parliament. It is an extremely important role.

Incidentally, as a brief aside concerning Manitoba, I think that the first such committee was set up in my province. The legislation had been initiated by Premier Campbell who was the Liberal Premier at the time. I must say that now, at 97 years of age, he has become a member of the Reform Party. One can have that kind of change of heart when one gets to be 97, I guess. Anyhow, he was a great political reformer and had come to power—he was elected the first time in 1922—with very progressive ideas. The committee was but one of the initiatives he implemented in our province, and other provinces later followed suit.

At any rate, the committee is a most important one. As I said, Senator Grimard, I congratulate you and your colleagues. A lot needs to been done in that area. You are the protectors of the general public. I would now move the adjournment of the debate, Mr. Speaker.

Senator Grimard: Would you not say that we ought to simply adopt the report instead of debating it, considering you were so complimentary in your remarks?

Senator Molgat: I see your point exactly. The fact of the matter is that I did read through your report, but not carefully enough. There are questions I want to raise about this report and the next one you will table.

On motion of Senator Molgat, debate adjourned.

CONSIDERATION SIXTH REPORT OF JOINT COMMITTEE — DEBATE ADJOURNED

On the Order:

> The Senate proceeded to consideration of the Sixth Report of the Standing Joint Committee for the Scrutiny of Regulations (nuisances) presented on December 1, 1992.— *(Honourable Senator Grimard).*

Hon. Normand Grimard: Honourable senators, regarding my honourable friend's comments, he is perfectly right. We were recently asked to testify before a committee of the House of Commons, and I said that the Scrutiny of Regulations committee was the ombudsman. As you know, there is no ombudsman at the federal level except for certain areas like

official languages, secrets, and so forth. You are right, most provinces have what we call ombudsman, and this is more or less what our committee does.

I would like to say the following about our sixth report. It contains a resolution aimed at abrogation by the Governor in Council of certain sections of regulations eloquently referred to as the Public Works Nuisances Regulations. The sections were approved on March 1, 1990, and their purpose is to prohibit, among other things, any demonstrations or distribution of pamphlets within a radius of 50 metres of any entrance to a Parliament building on weekdays.

After considering the matter, the committee concluded that these provisions violated a number of criteria. First, the committee felt it was inappropriate that provisions restricting the rights and freedoms of citizens to such an significant extent should be adopted by regulation. We believe that if such provisions are necessary, they should be legislated by Parliament. Second, the committee concluded that Section 10.1 violated the freedoms of speech and peaceful assembly guaranteed under the Canadian Charter of Rights and Freedoms. Finally, the committee believes that these provisions unduly encroached on the rights and freedoms of the individual.

Considering our serious objections to these regulations, the committee decided to recommend their withdrawal to the House of Commons, which is the purpose of this sixth report.

[*English*]

Honourable senators will note that this is only the third occasion on which the joint committee has moved that a regulation be disallowed. Being a disallowance report, this report is made to the House of Commons, and is tabled in the Senate for information purposes.

When I presented the third report of the joint committee on November 26, 1991, I gave a detailed explanation of the disallowance procedure in the other place. I will not repeat that explanation today. I would like to mention, however, that while the disallowance procedure is a House of Commons procedure, this does not mean that it is of no concern to the Senate.

[*Translation*]

In concluding, I wish to stress that the committee, as it says in the report, does not question the good faith of those who recommended adopting the regulations and does not judge the legitimacy of their objectives. However, when such measures are approved, it is incumbent on the ommittee to report, to Parliament, on whether the means selected to achieve certain objectives are legitimate and lawful. Our opinion in this respect is negative.

Finally, I urge all my colleagues to read the committee's sixth report, and I want to thank you for your attention.

On motion of Senator Molgat, debate adjourned.

CONSIDERATION OF SEVENTH REPORT OF JOINT COMMITTEE—DEBATE ADJOURNED

On the Order:

The Senate proceeded to consideration of the Seventh Report of the Standing Joint Committee for Scrutiny of Regulations (divorce proceedings fee order) presented on December 1, 1992.—*(Honourable Senator Grimard).*

Hon. Normand Grimard: Honourable senators, on February 27 this year, I tabled the Fourth Report of the Standing Joint Committee for Scrutiny of Regulations in which the committee reported that the fee order for services provided under the Central Registry of Divorce Proceedings Regulations had produced revenues in excess of the costs incurred by the government for the operation of the registry.

Any law allowing the government to impose fees must be passed by an Act of Parliament. Consequently, the committee informed Parliament that it considered that this order represented an unusual and unexpected use of the authority conferred on the Minister of Justice.

[*English*]

Following the tabling of the fourth report, the Honourable Kim Campbell, as you know, informed the committee that the financial information given to the committee by the officials of her department, information which the committee relied upon in its fourth report, was not complete. The minister later provided the committee with revised financial information relating to the operation of the Divorce Registry. This new information is set out in our report which was tabled last week.

[*Translation*]

The honourable senators will therefore have the opportunity to read the report and to draw their own conclusions. Suffice is to say that the seventh report indicates that the committee accepts the excuses presented by the minister concerning the erroneous information provided by her officials. As for the joint committee, it expresses its regrets to the Senate and to the House of Commons for tabling a report based on inaccurate data which, however, had been provided in the first place by the Minister of Justice.

On motion of Senator Molgat, debate adjourned.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

ADOPTION OF TWENTY-EIGHTH REPORT OF COMMITTEE

On the Order:

The Senate proceeded to consideration of the Twenty-eighth Report of the Standing Committe on Internal Economy, Budgets and Administration (6/12 balance of the budgets—committees) tabled in the Senate on December 1, 1992.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move the adoption of the Twenty-Eighth Report of the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to and report adopted.

[*English*]

SCOTIA SYNFUELS PROJECT

THIRD REPORT OF ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES COMMITTEE ADOPTED

On the Order:

Resuming the debate on the consideration of the Third Report of the Standing Senate Committee on Energy, the Environment and Natural Resources (Scotia Synfuels).

Hon. Gildas Molgat (Deputy Leader of the Opposition): Honourable senators, I adjourned this debate because I thought some members from the region where this is of particular interest, Nova Scotia, might want to speak on this. As no one else has been prepared to take it up, as far as I am concerned, the matter should be considered debated.

Motion agreed and report adopted.

ECONOMIC STATEMENT

INQUIRY—DEBATE ADJOURNED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator MacEachen, P.C., calling the attention of the Senate to the economic statement made by the Minister of Finance, on Wednesday, 2nd December, 1992.—*(Honourable Senator MacEachen, P.C.)*.

Hon. Allan J. MacEachen: Honourable senators, with the consent of the House, I would like to conclude the remarks I began two days ago on the economic statement made on December 2 by the Minister of Finance.

Honourable senators, in assessing the size of the present deficit, I argued that a full analysis could not be undertaken without examining economic trends and the government's role in managing those trends. In the words of the OECD analysis of the Canadian economy, a vital component of any such analysis must include attention to the surge of inflationary pressures and the absorption of the slack in labour and product markets which occurred in 1988.

I further argued that the June 1989 budget targeted inflation as a priority, but the Canadian economy was already teetering on the brink of a recession and the policy of attacking inflation with such vigour through increasing interest rates pushed the economy over the edge.

As I said, in 1991, the government failed to respond to "... signs of an impending recession, late in 1989 and early in 1990, and pressed on with high interest rates and high exchange rate policies to the point of generating a full-fledged made-in-Canada recession."

I might refer briefly to this process as it was examined by the OECD in its analysis of Canada. These were the words used:

[Senator Lavoie-Roux.]

> As the fiscal consolidation process tended to lose momentum, the burden of controlling inflation fell primarily on monetary policy entailing a severe tightening of monetary conditions

As I read that comment, the OECD is drawing attention to the fact that the process of reducing the deficit ceased when it reached the number of $28 billion, and subsequent to that point, the work of dampening the inflationary process was solely conducted by monetary policy through high interest rates.

Honourable senators, I regard these as critical errors in management. Add to them the free trade agreement and the GST, for which we must hold the government responsible, which were imposed upon an economy struggling with inflation and recession. When we add all these factors together, we find the explanation for the current level of unemployment and the daily announcement of plant closures and retrenchment even in the financial sector of the Canadian economy which hitherto had been regarded as insulated from general trends.

Honourable senators, the Minister of Finance, in his economic statement, absolved the Government of Canada from any responsibility, it appeared to me, for the onset of the Canadian recession. In fact, in his speech on Wednesday, December 2, he referred to globalism and the global recession no less than twelve times. He linked Canada's economic and unemployment woes inextricably to the "stubborn world-wide recession."

However, while undoubtedly the worldwide economy has an impact on Canada, it does not fully explain the movements of the Canadian economy. Not at all. The relentless pursuit of the anti-inflationary objective in the form of ever-increasing interest rates, achieved its objective and more. In the over-aggressive anti-inflation policy, the government virtually snuffed out economic growth, economic activity, so effectively that Canada was in recession well before any other country in the world.

If you go back to the 1981 recession, I believe you will find that Canada and the United States entered the recession at about the same time. In Canada, the recession began in the second quarter of 1990. Real GDP began shrinking in the second quarter of 1990 and continued shrinking until the second quarter of 1991. In the second quarter of 1991, the economy began to grow slightly, but the rate of growth has been very unimpressive. Mr. Mazankowski expects growth this year to be 1 per cent.

If you look at a chart such as the one with which we were presented in the Committee on External Affairs yesterday, which showed the trend of the recession, you will find that even today we have not reached the level of economic activity which Canada experienced in March of 1990.

It is pretty clear that the Canadian recession began two quarters before that in the United States. In the last quarter of

1992, the Canadian economy was still in recession while the U.S. GDP had been growing for four consecutive quarters.

Let us take a look at the OECD. I think it reveals a similar trend. If honourable senators want to examine the analysis for themselves, they will find it in the OECD "Economic Outlook" of July, 1991 which makes it clear that Canada was in recession a year before the OECD experienced a slowdown.

The figures are as follows. Though economic growth fell significantly in the OECD in 1990, based on OECD averages, [illegible] per cent real GNP from 3.3 per cent real GNP in 1989, [illegible] on average, was growing at 2.6 per cent in 1990. C[illegible] actually experienced three quarters of negative growth in [illegible] Her OECD partners were still experiencing growth. Gr[illegible] real GNP for all OECD countries virtually ceased at 0.[illegible] first half of 1991, while again Canada's GNP was still s[illegible]ng.

I think [illegible]e have to understand that the Canadian recession began well before the recession in the United States and before the slowdown in the OECD countries. At one time this recession was described as the Anglo-Saxon recession because the main countries of recession were the United States, Canada and the United Kingdom, while Europe seemed to be excluded. Europe ultimately joined.

It is simplistic to regard the Canadian recession as solely the result of world-wide trends. It is clearly the result, in its duration, of the application of Canadian policy in a way that began the recession early and is keeping the country in recession.

If I were inclined to be overly political today, I would quote the following paragraph:

> It is characteristic of a desperate government to blame its failure on others, or on fate, or on circumstance or on the people themselves, or even on the international economy, the ultimate scapegoat.

Because I do not agree that we can rule out the international economy as a force on the Canadian economy, I will not adopt that statement as my own, even though it was used by the Prime Minister at his nomination speech on August 6, 1984.

> It is characteristic of a desperate government to blame its failure on others, or on fate, or on circumstance, or on the people themselves, or even on the international economy, the ultimate scapegoat.

Therefore, it was to the ultimate scapegoat that the Minister of Finance, resorted to in his economic statement, not once but 12 times. He failed to take any responsibility that I could discover for what had happened in Canada.

Honourable senators, I want to conclude because I do not want to take too much advantage of the indulgence of my colleagues, but I do want to make a few general observations.

The first observation is how different the mood is of this economic statement as the government is into its ninth year of office, campared to the economic statement delivered by Mr. Wilson in the fall of 1984. The mood is totally different, at least to me. The mood reflected in this fiscal and economic statement is sombre, humble and subdued, in sharp contrast to the aggressive and triumphant tone of the economic statement given by Mr. Wilson in November, 1984. The difference in mood is inescapable.

It may be a reflection of a government badly shaken by a second major reverse in its constitutional dossier and by its inability to shape a strategy to address the current economic situation, because there is no strategy in this economic and fiscal statement that is designed to lift the economy out of its present state.

The economic statement is no doubt significant for a number of measures in it. I have not analyzed them all and I do not intend to. Some of these measures are positive, including the expenditures on infrastructure, which is a step in the right direction. Some of them are negative, in my view, including the unemployment insurance changes occurring at a time of such high unemployment in Canada.

However, the specific measures in the statement are not as significant as the underlying philosophy, because the government is clearly still clinging to a philosophy that is proving irrelevant to the concerns of the Canadians. It is clinging to a policy that is now either abandoned or modified, both in the United States and in the United Kingdom. There is no basic shift in policy in response to changed economic circumstances. Staying the course seems to be the battle cry or, as Mr. Simpson stated in quoting a Canadian minister, "we intend to brazen it out", in other words; just blindly go forward with the policies that were put in place in 1984.

Honourable senators, if the economic statement is to be analyzed and judged in light of the projection for growth, unemployment and deficit reduction contained in the minister's budget of February last, the judgment certainly would reflect unfavourably on the minister and his officials. However, I do not think one can assess this economic and fiscal statement on the basis of such a short-term approach. It must be assessed from a wider perspective and from a historical point of view. To neglect such a perspective would be unfair to the present Minister of Finance and would fail to explain how the present harvest of low growth, high unemployment, swollen deficits and massive debt is due to the careless husbandry of his predecessor.

● (1630)

I, for one, cannot blame the Minister of Finance for failing to reduce the deficit in this statement when the economy is experiencing 1 per cent growth. I cannot blame him for that. Moreover, it must be said that, if the present Minister of Finance feels his hands are tied—and he seemed to give that impression—and is ready to accept, without concrete action, the current level of unemployment for what appears to be an indefinite future, in my view that acceptance must be the responsibility of his predecessor and the government as a whole for their lethargy in responding to changing economic circumstances, for their aggressive implementation and

over-reliance on monetary policy, for increasing the vulnerability of the country to foreign creditors, and for extending their influence on Canadian interest rates and the Canadian exchange rate.

On December 2, the Minister of Finance stated:

> Canada's economy performed particularly well from 1984 to the onset of the recession [in the second quarter of] in 1990.

That is found at page 1 of the *Economic Statement*. The economy did perform well during that period. He ought to have included 1983 because everyone else includes 1983 as a year of expansion. It is characteristic of the government and of the Department of Finance now to infer a sharp break between the period of Liberal government and the successor government. In finance documents, that sharp break always appears and, accordingly, it is impossible to rely upon these documents for any objective information and analysis.

Having stated that the Canadian economy had performed particularly well from 1983 to the onset of the recession in the second quarter of 1990, the minister went on to say:

> We led the G-7 in job creation and were second only to Japan in economic growth.

The Minister of Finance was right in referring to those seven years—"six years", he said. There were seven years of economic expansion. Professor Ben Friedman of Harvard talked about "the record length of business expansion that began in 1983 and ended in 1990". Honourable senators may know that the editor of the *Wall Street Journal*, Robert Bartley, produced a book entitled *The Seven Fat Years; and How To Do It Again*.

The OECD, on Canada, stated that following seven years of economic expansion, economic activity started to decline in the second quarter of 1990. The OECD stated that Canada had seven years of economic expansion; seven years of uninterrupted economic expansion, an expansion that commenced well before the government took office. As I stated, in 1984 the economic rate of growth in real terms was 4.7 per cent, which has only been exceeded in one year in the seven-year period we are talking about.

The major criticism that one must make of the government is not to criticize Mr. Mazankowski for failing to reduce the deficit with economic growth of 1 per cent and a bit more next year; the criticism one must make of the government is that it failed to make an impact on the deficit in the seven fat years of uninterrupted growth. That is the question that must be addressed. I have tracked this in a number of speeches since 1984, and I have here and there explained why that has happened.

In the perspective of eight years, entering the ninth, one looks at the performance over that year. Let us say, as I have acknowledged, that Mr. Wilson made progress to the point where he had reduced the deficit to $28 billion. If that progress had continued, the situation in Canada would have been

entirely different at the onset of this recession when the government would have had some ability to stimulate the economy and bring the country out of the serious recession to which it is still subject.

If I were in the Conservative caucus, I would say, "Ministers and Mr. Prime Minister, tell me, please, why did you fail in those seven fat years to reduce the deficit? "I forgive you . . ." I would say, ". . . for the inability during the period of recession because your revenues were going down, your expenditures were going up, and you were making cuts; but what happened before that?" Seven years! That is an indictment, I believe, of the government. That falls under the category of general observations.

I would make another observation, honourable senators. It is not an observation that I would apply solely to this fiscal and *Economic Statement*. The statement would apply to the format generally that has been employed in assessing the well-being of the Canadian economy. I cannot see, as I read this economic statement and as I have read others in the past, how they can have any meaning to the people of Canada. The concepts are so remote and abstract that the conclusion must be that they were prepared for a very restricted group of people in our country. Certainly, the citizens struggling with unemployment or poverty or with uncertainty cannot grasp anything in these statements that would give them confidence or hope.

For example, honourable senators, there is no mention in the statement last week about poverty or child poverty. Is it important? It is, is it not? I would say it is critically important at a time when one in nine children eats in a food bank and when one in eight children lives on social assistance. The traditional way of presenting budgets and economic statements is to push that aside from the balance sheet of the nation.

• (1630)

I make the other observation that the operation of governments in the United States, Europe and Canada is increasingly remote from the preoccupations of the population as a whole. It is not surprising that every time the populations of either Europe, Canada or the United States have had an opportunity to register their opinions, they have rejected the views of the governing classes.

The most recent example of that is the most unexpected results in Switzerland on the EEC. They said "no" despite what their leaders told them. This is a serious issue not only for the government, but also for all people in Parliament to consider how we can bridge the gap between the aspirations of the public and their problems and the operations and the statements of government and the performance of Parliament. That is another observation.

I conclude by quoting from a good source, namely, the Prime Minister. This is a quotation which aptly applies. He states:

> I am convinced that we are witnessing one of those special moments when an entire country turns the page on an era that comes to an end. To restore the health of their democracy, the men and women of Canada are preparing to throw off the yoke . . . which is now powerless and has nothing more to offer anyone, except to its friends.

It is true that this economic and fiscal statement really offered nothing to the Canadian people. The same policy was applied: no hope, no confidence, no substantial action. If we judge by this statement, the government has nothing left to offer Canadian people, except its friends.

We are told that we will see the realization of that truism when eight or nine new senators will be sworn in and take their place in this chamber before the Christmas recess.

Hon. Lowell Murray (Leader of the Government): Honourable senators, far be it from me to begrudge Senator MacEachen the pleasure he so obviously derives from the predicament of the present government and its Minister of Finance. He himself was Minister of Finance in this country for two and one-half years, from March 1980 until September 1982. He brought in three budgets and one mini budget or economic statement.

When his forecasts turned out badly, as they frequently and spectacularly did, his political adversaries showed him no mercy. We can expect none from him today.

Senator MacEachen: I thought I was very merciful. You should see me in full force!

Senator Murray: When his policies lay in ruins, as they did after the October 1980 budget in which he brought in the National Energy Policy; or the November 1981 budget in which he presented 100 tax changes, most of which had to be withdrawn at a later date; his adversaries showed little sympathy for him. I have to confess some feeling of guilt today. We are deficient in that elemental Christian charity that we should have shown under the circumstances.

That being the case, I will not express any objection to him taking some satisfaction in the predicament of the present government.

However, there is some difference when he talks about the seven fat years and the deficit, which I acknowledge is still around the $30-billion mark. There is a considerable difference between a deficit of $38.5 billion in 1984-85 on budgetary expenditures of $109.6 billion, as was the case in that year; and a deficit in the current fiscal year of $34.4 billion on budgetary expenditures of $158.4 billion. There is and has been considerable progress on this front, and Mr. Mazankowski is the first to acknowledge and I am the second, that more needs to be done. I will return to that matter in a few minutes.

When Mr. Mazankowski referred as he did to international conditions, it was not for the sake of blaming the world for the recession in Canada. I do not think that it is a situation where blame can be accurately fixed on any one, or any set of policies or any country. But it is surely relevant to point out that world prices for some of our resource exports have been soft during this period and that demand in our principal export market, the United States, has been slow. These are relevant factors to be considered.

Second, when Mr. Mazankowski refers to international conditions, he has in mind more particularly something that he has to draw to the attention of Canadians again and again: there is an enormous economic restructuring taking place in the world. It is a challenge to the ability of public policymakers and also to the private sector in this country to steer Canada through this period of economic restructuring safely and successfully. I will have a word or two to say about that later as well.

The honourable senator today, as he has done on several occasions in the past, reproaches the former Minister of Finance, Mr. Wilson, with not having anticipated the growth in inflation that took place after 1988. He quotes from the OECD as having referred to the fact that the monetary authorities had to bear a large part of the burden of fighting that inflation.

• (1640)

The reproach that the honourable senator makes of Mr. Wilson clearly is that Mr. Wilson and the government did not apply the brakes sufficiently on government spending at that time. The facts belie that accusation. I find that in the fiscal year 1988-89, which was the year Senator MacEachen was talking about, our program expenditures increased by 3.1 per cent. Indeed, the increase was down from the two previous fiscal years. Senator MacEachen has implied that Mr. Wilson and the government had opened the taps of public spending in anticipation of a 1988 election, but it is hardly the case when program expenditures increased by 3.1 per cent against an increase in inflation in the same years of between 4 and 5 per cent.

I would accept Senator MacEachen's or any Liberal's reproach to us about spending with more equanimity if my memory were shorter than it is. In those days when Mr. Wilson and the government were keeping program expenditure increases at 3.1 per cent, well below the rate of inflation, Senator MacEachen and his colleagues in this place and their friends in the other place were calling for more spending. As a matter of fact, I took the occasion today to look at a speech he gave in this place on April 5, 1989 and made a quick list of areas in which he criticized the government for not spending enough; official development assistance, child care, VIA rail and the environment leapt off the page and hit me between the eyes. I am sure there are others if I had more carefully read his speech at noon today. They were always in favour of spending more. From my memory, in the eight years that we have been in office, there has not been a single cost-cutting initiative that they have supported, not a single one.

Senator MacEachen returned in the first part of his speech the other day to a subject he has raised on several occasions, Canada's net international indebtedness, and in particular the financing of public-sector deficits by foreign borrowing. I

know it is a very important subject and I am pleased that he has raised it again because it is important to our understanding of the background against which Mr. Mazankowski and the government prepared the economic and fiscal statement of December 2. As the honourable senator stated, he had made several considered and major speeches on the subject in the Senate; one on June 21, 1989 and another on April 9, 1991. He indicated the other day that his speeches on this subject have not elicited very much interest, that they have been met by silence. I want to assure him that they piqued my interest in the subject, that I have tried to follow these matters since that time, to keep myself informed and occasionally to ask for information from our advisors in the Department of Finance. I anticipated that he might return to this subject in the course of his speech on this inquiry, and I therefore took the trouble to look into the matter again last weekend. I retrieved from *Hansard* the two speeches he has made on the subject. It occurred to me on Sunday morning after Mass —

Senator MacEachen: Your mind was on more lofty matters.

Senator Murray: —as I settled down, having sent the children out to play. I was probably one of the few people in Canada who at that moment was settling down with the speeches of Alan J.MacEachen.

Senator Lynch-Staunton: The only one, except for the author.

Senator MacEachen: It would be a good follow up to St. Paul.

Senator Murray: I am not sure I was the only one; there are still some study clubs in Cape Breton who might amuse themselves in this way.

Let me put some numbers on some of the statements Senator MacEachen made the other day about our international indebtedness. I think it is important to get an understanding of the background against which the government worked with this economic statement. Canada's total international indebtedness, public and private, is the highest among the G-7 countries. The net dollar figure is $272.4 billion, 40.4 per cent of our GDP. There is not another country in the G-7 that comes within hailing distance of having such a net international indebtedness that is as high as ours as a proportion of gross domestic product. The comparable U.S. figure is 5.3 per cent. More of our income, 4.4 per cent of net domestic income, goes to servicing the foreign debt. I think Senator MacEachen put the dollar number on the record the other day. It is $23 billion as of last year. This money is going to service the foreign debt rather than to support domestic consumption. This international indebtedness is a significant part of our current account deficit, which is also the worst in the G-7 at 4.5 per cent of gross domestic product.

Senator MacEachen acknowledged something I want to underline, that the federal government, generally speaking, has not and does not borrow abroad. It happens quite in frequently and for relatively small sums. The last such occasion I think was in 1985. If, as Senator MacEachen points out, there is a sizable amount of federal government bonds held by non-residents, it is because they buy them on the open market in Canada; it is not because the federal government floats bond issues in foreign markets. The same is not true of the provinces. I think the provinces do most of their borrowing in foreign markets. They certainly do a great deal of it. I recall that when I was in New Brunswick, in charge of the premier's office there in the mid-1970s, that province and its power utility were then borrowing about $200 million a year, most of it in New York, some of it in Japan and Europe. Senator Simard will remember that. It seemed to me to be a sizable sum then and it still does. The provinces finance a great deal of their borrowings on foreign markets.

This fact in itself reinforces the need for a concerted approach on the part of federal and provincial governments. When Senator MacEachen asks what we are doing about it, the only thing we can do about it is to try to get our deficits under control. That will mean smaller deficits, smaller borrowings; smaller borrowings, and less vulnerability to non-resident lenders.

In October, honourable senators will recall that Standard & Poor's, the rating agency, lowered the federal government's rating on senior long-term foreign currency debt to Double A plus from Triple A. In the announcement they made, Standard & Poor's stated:

> The downgrade reflects the progressive deterioration in Canada's current account deficit in recent years, a consequent sharp increase in its already sizable external debt burden, and the prospect of only a moderate medium-term improvement in the balance of payments. A key contributing factor is the highlevel of total government debt, which slows the pace of external adjustment. The ratings continue to be supported by a diversified economy and skilled workforce, as well as the underlying stability of the political system.

I invite honourable senators to pay particular attention to this next sentence:

> The stable outlook is based on the likelihood that current economic policies will be broadly maintained regardless of the outcome of the next federal election, due by November 1993.

That statement is supportive of the economic and fiscal policies that have been followed by this government.

They further state:

> Continuity is also supported by the Bank of Canada's strong commitment to price stability, which has reduced inflation to well below the industrial-country average.

Honourable senators, let me put some more numbers on the record. Of the $272 billion in net foreign indebtedness, $204 billion is in Canadian bonds held by non-residents. Of these, $69 billion is in federal bonds, $82 billion is in provincial

bonds, $4 billion is in municipal bonds and $48 billion is in corporate bonds.

Canada is not a large player on the world financial markets, but, still, our high international indebtedness has left us in quite an exposed position.

In addition to this, there has also been quite a lot of turbulence and volatility in international money markets.

Honourable senators will have noted in September and October the problems that were faced by a number of our allies with their currencies. The British, the Italians and the Swedish had two devaluations; and other currencies that were pegged to the European Exchange Rate Mechanism have dropped out.

I saw a report stating that during September, the German Bundesbank spent $33 billion Deutschmarks to support the British pound. Even with that, the British government finally caved in to interest rate pressures, devalued, and dropped out of the European Exchange Rate Mechanism.

It has been a period of terrific turbulence. While we are not a large player on the world financial markets, the turbulence inevitably spills over to the Canadian dollar, particularly when traders and investors look at our total international indebtedness.

In this place we can look at this problem in terms of its components: Federal, provincial, municipal, corporate. However, the fact is, to the Japanese money trader, it is all Canada.

Barron's magazine, for example, carried an interview with a number of experts in the financial markets who described the Ontario economy, which accounts for 40 per cent of the national economy, as being in the hands of socialists who go back to the days of Russian communism. We all—even those of us who disagree quite profoundly with what the Government of Ontario is doing — regard that type of statement as quite excessive and extravagant. But, still, on such perceptions are decisions made by some people in the world outside.

Other countries are raising their interest rates to support their currencies. The point is that all this turbulence spills over into Canada, especially when investors look at our total international indebtedness, at an economy that is still growing very slowly, and at policies in several provinces which the world regards as wrong-headed from an economic point of view.

Our high international indebtedness relative to the rest of the world has left us in quite an exposed position. There is, as I said, a pressing need for consensus and a concerted approach by the federal government and the provinces. I appreciate the point Senator MacEachen made in quoting Roderigue Tremblay and the need for some federal-provincial monitoring agency.

This exposure would dictate at any time a very careful policy on the part of any Canadian Minister of Finance. If one adds to the unique Canadian exposure the turbulence and volatility of the international markets in recent years and the problems faced by the economies of some of our partners and competitors, one cannot help but conclude that, in the autumn of 1992, Canada was potentially quite vulnerable. A wrong move by the federal Minister of Finance would have been very damaging to our economic well-being.

We have it on the authority of Mr. Jeffrey Simpson, a columnist for the *Globe and Mail*, that Mr. Mazankowski, in his statement of December 2, could have attacked the budget deficit, or he could have attacked the problem of slow economic growth. But, said Mr. Simpson, he did neither.

Well, honourable senators, such a choice exists only in the land of punditry. Of course we have to do both. We have to attack the deficit in order to keep interest rates from rising thereby killing confidence and growth, and we have to try to contribute to job creation and economic growth. We have to do both, and we are doing both, in a balanced way.

The economy is growing. It is growing too slowly, but it is still growing, and we have to remember that there has been growth in each of the last six quarters.

Real Gross Domestic Product increased at an annual rate of 1.4 per cent in the third quarter. Employment rose 77,000 in the last seven months. The IMF and OECD, both predict that we will have the strongest economic growth of all the G-7 countries in 1993.

Statistics Canada stated in its November *Economic Observer* publication: "If output and employment continue to improve, this growth could mark the presence of sustained recovery."

The OECD states that:

> . . . the structural framework is in place for stronger economic performance in the medium term. Inflation has fallen sharply and the present stance of monetary policy offers the prospect for further progress towards price stability. Another key to better performance is the authorities' commitment to fiscal consolidation, where the attainment of medium-term objectives will require continued expenditure restraint. The government's accomplishments in the field of structural reform in recent years—

• (1700)

Senator Frith: Where are these statistics from?

Senator Murray: The OECD report.

Senator Frith: You mentioned three or four, and I missed it.

Senator Murray: I quoted Statistics Canada. I am now quoting the OECD, and this sentence is important.

> The government's accomplishments in the field of structural reform in recent years will enhance the economy's growth potential.

The IMF says a solid foundation for a strong economic performance seems to be in place. The IMF expects Canada's real GDP to grow 2.1 percent this year and 4.4 per cent in 1993.

Honourable senators, it is obvious that Mr. Mazankowski's economic statement seems to have had the effect of stabilizing our situation in the volatile international markets. Honourable senators will have noted that the Canadian dollar has stabilized. In anticipation of his statement, the bank rate on Tuesday December 1 went down by 55 basis points and on Tuesday of this week by 51 basis points. The banks are lowering their prime rates.

Other countries seem not to be as well positioned as we are. Look at what the Chancellor of the Exchequer is having to do in Britain, keeping public sector wage increases to well below the rate of inflation in that country and taking other very hard measures. The Treasurers of Germany, Italy and Sweden are taking measures ranging from difficult to drastic in order to restore confidence. I need not go into great detail on these matters.

If you take the United States, where the fiscal deficit of the federal government is 5.5 percent of the GDP, the OECD is telling them they have to cap health spending, they have to tax social security, and they have to raise the gasoline tax by 25 cents a gallon. The fiscal deficit of the federal government as a percentage of GDP is in the same order of magnitude, 5 per cent, but these kinds of drastic steps are not being urged on the Canadian government because I think there is an understanding on the part of these international agencies that the Government of Canada has already taken important steps, is serious about deficit reduction, and has been embarked on a plan since 1984 that seems to be working and, in the words of the OECD, is bringing in structural reforms that will enhance the economy's growth potential.

There has been a recession. It is no secret. It is obvious that there are continuing problems in many Canadian industries, in airlines, railways, steel, forest production, some of the mining industries.

It is also a fact, as I have said, that the economy is still growing too slowly, but there is also an enormous economic restructuring taking place in the world. Germany is facing these horrendous problems arising from the unification; Japan has its financial institutions and asset devaluation, and it appears from reading the international press that that country is not out of the woods yet. A number of these large economies, including the American economy, are described as malfunctioning. We have our external debt problems and our public sector deficits, and we may not be as well positioned as we would like to be, but we are better positioned to survive and to succeed in this uncertain world because of these structural reforms that the OECD refers to that we have taken in recent years.

This brings me to the question of alternatives. The Canadian people have a right to know what alternatives there are to the structural and other reforms, and to the economic policies that we have brought in.

Senator Frith: Call an election. You will find out.

[Senator Murray.]

Senator Murray: Our friends opposite opposed every one of them. They have fought every single one of them. They opposed the free trade agreement, as they oppose NAFTA, and Senator MacEachen again today attributed to the free trade agreement the recession, the level of unemployment, and all the rest of it, but he must —

Senator MacEachen: No, no.

Senator Murray: He attributed it to the free trade agreement and the GST. What was the other factor? He attributed to those two the recession and unemployment in this country.

Honourable senators, we are exporting $16 billion more to the United States last year than in 1988. Our trade surplus with the U.S. averaged $16.2 billion for the first nine months of the year, up $2.3 billion from last year. We have increased our share of total U.S. merchandise imports.

Senator Molgat: Tell us about unemployment.

Senator Murray: In the three year period since the FTA was implemented, foreign direct investments in Canada totalled $15.1 billion, an increase of almost 50 percent over the three year period prior to the FTA. The FTA and NAFTA are subjects for debate, and we will have it in due course again in this house, but in the meantime, honourable senators could do worse than read the recent C. D. Howe study as to the impact of the free trade agreement on the Canadian economy.

Senator Molgat: Tell us about jobs, jobs, jobs, that great promise.

Senator Murray: Their position in 1988 was that they would tear up the free trade agreement, and their position has not changed. Mr. Herb Gray recently attended on behalf of the Liberal Party a meeting sponsored by the Council of Canadians at which the New Democratic Party representatives said, yes, we must abrogate and must put an end to the free trade agreement at once. The only difference between the NDP position and the position taken by Mr. Gray was that Mr. Gray said, "No, we go in and tell them we intend to renegotiate it with the threat of abrogation in our pocket." The position has essentially not changed at all.

As for tax reform, we all know how strongly they opposed the GST, and yet every finance minister, Liberal or Conservative, in my adult lifetime denounced the old Manufacturers Sales Tax as being —

Senator Simard: Including Senator MacEachen.

Senator Murray: Including Senator MacEachen when he was Minister of Finance. I think a white paper was issued at that time on that subject. They denounced the old Manufacturers Sales Tax as favouring imports over exports, penalizing our manufacturing industries and so forth, and they went on to recommend its replacement by a broadly-based consumption tax.

Senator MacEachen: Is that from the white paper?

Senator Murray: That is from a Parliamentary committee that I think had a majority of Liberals on it, chaired by the former Senator Buckwold.

They denounced that Manufacturers Sales Tax. They opposed the GST. I hear petitions day after day from honourable senators —

Senator Frith: Call an election and you won't have to hear it any more.

Senator Murray: —assuring us that the GST would be done away with by a Liberal government. We will be back to the Manufacturers Sales Tax which favoured imports over exports and penalized manufacturing, or we will be faced with an enormous increase in income taxes.

Bill C-91, as Bill C-22 before it, builds on patents to bring us in line with other countries and with the GATT, extending patent protection for an average of three years, and attracting hundreds of millions of dollars in research investment to Canada. We will be hearing more about it when the bill comes to us.

• (1710)

They have fought hard against the shift which we made of over $1 billion, perhaps $1.5 billion, in unemployment insurance from passive income support to training. They oppose the deficit reduction measures. They oppose the creation of Investment Canada and the idea of encouraging foreign investment in this country, rather than trying to block it or discourage it.

Senator Frith: And 47 per cent of the people agree with us.

Senator Murray: They have opposed the changes we have made in child benefits and the trend of our social policy away from universality toward a focus and an emphasis on people who most need assistance.

They have opposed all this, honourable senators, and they continue to oppose. They will have to do better than that.

Senator Frith: Call an election and give us a try.

Senator Murray: The Honourable Senator MacEachen concluded by speaking of public opinion trends in this country and other democratic countries. That is also a fit subject for a good debate in this place one of these days.

There is out there an appreciation, more sophisticated than a lot of people understand, of the fact that this country and all countries are going through a worldwide economic restructuring in which we have to find our way and our niche as a country. There is, I think, a good appreciation that it is not possible for us to run up deficits, increase the national debt and our international indebtedness without having to pay a serious price for it all. There is an acceptance, however grudging, that the time is long overdue for us to accept some disciplines that may be somewhat severe, in order to ensure future economic stability and prosperity for the current generation and for our children.

On that count, I believe the economic and fiscal statement of Mr. Mazankowski and the policies we have followed for eight years directed toward that end, will find acceptance in the country, especially when viewed against the lack of any positive alternative from the Opposition.

Senator MacEachen: Honourable senators, I appreciate that Senator Murray did make a serious commentary on the question of Canadian foreign indebtedness. I think it is a well-placed emphasis. It is a very complicated subject, as he must have discovered in his Sunday morning meditations, after Mass.

What I have been interested in is what proportion of the deficits, both federal and provincial, are financed by non-residents. I understand fully the process by which non-residents purchase Canadian bonds or treasury bills. They do it on money markets; but the fact that they do it has the implications to which he referred.

On the deficit side, can he give today or at another time, a picture of that and also the trend? I think it is an accelerating trend. At one time we were able to finance these requirements with domestic savings. I wonder whether any thought has been given to a savings policy in Canada.

I am really asking for more assistance in getting a fix on what extent public sector deficits are financed through the purchase of government instruments by non-residents and not Canadians.

Senator Murray: I do confirm, as the honourable senator has said, that the financing of public sector deficits by foreign lenders, as it were, has increased. As the honourable senator has said, it has increased rather considerably in recent years. I will put those figures on the record when I get them. I do not have them now.

Nor do I know whether we will be in a position to take the fiscal deficit of this government and the other governments and indicate what portion of them is accounted for by non-residents. I will certainly ask. If I can obtain the information, I will put it on the record.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I hesitate to move the adjournment of the debate because I thought Senator Murray would take the adjournment himself to give us a second instalment when he will no doubt talk to us about jobs, jobs, jobs.

Senator Frith: Those people are not out of work, they are just restructured.

Senator Molgat: He was obviously only giving us the first part of his speech today. I do not see him rising to his feet, in which case I will move the adjournment of the debate.

On motion of Senator Molgat, debate adjourned.

[*Translation*]

CANADIAN COURT CHALLENGES PROGRAM

LINGUISTIC RIGHTS—DEBATE ADJOURNED

Hon. Jean-Maurice Simard having given notice on December 1, 1992:

> That he will call the attention of the Senate to the need for the federal government to retain at least the linguistic component of Canada's Court Challenges Program.

Honourable senators, on Tuesday, December 1, 1992, I gave notice that I would call your attention to the need for the federal government to maintain the language component of the Canadian Court Challenges Program.

Before getting to the heart of my subject matter, I would like to go back to a topic closely related to my remarks tonight, to the point I raised during Question Period. In spite of certain negligible differences of opinion, for which I humbly confess my guilt, I must say that the interest raised by my question among our friends in the opposition, especially Senators LeBlanc and Corbin, was such that it seems to me that beyond our party allegiances and political affiliations, when the issue is important enough, a consensus often arises on the need to call the attention of the government on its own decisions, either past or future.

The reason I ask that question is that last night, a few of us met a delegation from the Fédération des communautés francophones et acadiennes. As they put it so well last night, and as they had mentioned it earlier in the morning at a press conference, the announcement by Mr. Mazankowski of a 10 per cent cut in most agencies and interest groups during each of the next two fiscal years was a matter of great concern to them.

In a few moments, I will get back to my enquiry, but first I would like to remind you and some of our colleagues in this place that the Fédération des communautés francophone et acadienne is much more than a minor and insignificant interest group. We can disagree with their ways of working. We can disagree with some of the solutions they propose or some of the projects they put forward. But we have to recognize that they are accredited and recognized spokesperson who have proven their ability. They represent an official language minority recognized by the federal Parliament. So, they are much more than a mere interest group. It is my pleasure to remind you in this time of apprehended crisis (that is too strong a word), let say of serious concern, that some people, regardless of their political stripes, senators and hon. members can come to an understanding and support suggestions such as the one I will be making in relation with the Court Challenges Program.

Honourable senators, during its short life, the language component of the Court Challenges Program did more than help the governments and profit-making corporations. It provided financial assistance to citizens who stood up for their rights in courts, to help pay for public interest cases of great importance to many people.

In this context, we realize that these people provide such a service to society that it would be unfair to deprive them of the financial assistance without which they cannot do anything.

Honourable senators, the language component of this program, the only one during the first half of its existence, has helped to correct numerous injustices. It has helped invalidating several recent provisions which had restricted access to English schools and weakened the status of English before the courts and the National Assembly in Quebec. In Manitoba, it has helped correct a negation of the equal status of French in the legislature, in the legislative process, as well as before the courts. This denial of rights had persisted for almost a century.

However, the work done through the Court Challenges Program remains incomplete. Honourable senators, the necessity of this program is obvious when you think that in a majority of provinces the right to education in the language of the minority is still not respected. Yet, this right is guaranteed by section 23 of the Constitution which has had force of law for more than ten years.

In my conclusion, I will get back, time permitting, to the setting up of the language component of the Canadian Court Challenges Program and the way it worked.

So, the linguistic duality preceded (as we all know) the Canadian Confederation, and the two remain indissociable. The linguistic rights establish the frame in which Francophones and Anglophones cohabitate, and it is one the foundations of the harmonious relations between the State and the population. Those relations are, to a large extent, the basis for dignity and mutual respect.

This is why the federal government has the duty to protect the integrity of the system, especially since it is ordinary citizens who have these linguistic rights, which have the distinctive feature of imposing on the State the positive obligation of giving effect to those rights, rather than simply put and end to discriminatory practices.

In a recent release, the Commissioner of Official Languages said:

> The Canadian government should ensure that Canadians are not deprived, because of insufficient financial resources, of a legitimate access to the courts in order to get confirmation or clarification of their linguistic rights.

I agree, and I suspect that many of our colleagues in this chamber agree, with Dr. Goldloom's statement.

To conclude, honourables senators, let me quote Richard Goreham's final remarks in his report on the subject:

> For more than a decade, the Court Challenges Program has provided vital financial support for important linguistic right cases. However a number of questions remain unanswered to this day. The Program has proven that it

> takes many years to clarify and interprate these rights, as well as to implement and fully enforce them and that their interpretation is an ongoing process.

Honourable senators, with this program disappearing, individuals and groups who, as a last resort, want to have the courts assert their linguistic constitutional rights, will face enormous financial difficulties. Unfortunately, many of them could find the burden impossible to bear. What good are such rights if they cannot be asserted? As Madam Justice Bertha Wilson said:

> It is purely illusive to give rights to people who cannot afford to have those rights recognized.

Honourable senators, I call upon the federal government to restore the linguistic component of the Court Challenges Program. If the program had not been expanded in 1985, the linguistic component would probably not have been cut as it was in the last budget.

I think this is another good reason for re-instating that program.

Honourable Senators, I was telling you that I would go back, in conclusion, to section 23, which was at the heart of the linguistic question and of a certain amount of cases pleaded these last few years and which permitted citizens not only to have their rights recognized and protected, but also forced governments to act. We were told, as years went by, that precedents were being established and that the courts would have enough guidance to correct injustices. I spoke just half an hour ago to a lawyer who presented to the Supreme Court last week a case pertaining to minority groups or individuals, and it was certainly not his opinion.

Politics being what it is, even with the best intentions in the world, governments often cannot intervene in sensitive situations which must be corrected, for fear of political reactions. Governments were able, making use of judicial decisions, to say: "Listen, the court forces us to act." So governments took action in certain cases. Will we take away that chance, that excuse from provincial governments to proceed? I believe we have to think twice before doing such a thing.

As far as the principle and the application referred to in section 20 go, I am told only two cases are before the courts. When I refer to section 20, senator Beaudoin and others will know that I am talking about services in both official languages. We know how hard it is for governments that have already made a decision to change their minds.

Honourable senators, I want to remind you that we all want to fight the deficit. But I think governments have a choice to make. Regarding the language component, I understand that, during the first few years, administrative expenses represented 60 per cent of the costs. However, things improved afterwards and we could probably do a lot more with the money that could be invested, if the component was maintained. We could probably reach 95 per cent.

This would involve, at the very most, around $500,000 or $600,000 a year. I ask the government to reconsider what we call the language component or any type of restructuring that would allow us to keep the language component under a new name.

Honourable senators, I know that the Commissioner of Official Languages who preceded Dr. Goldbloom had proposed the establishment of an institute for Francophones through which this program could continue to be useful and to correct injustices done to some Anglophones in Quebec and Francophones elsewhere in the country.

I hope that my comments will not fall on deaf ears. I know that the present government has already had the opportunity in the last eight years to backtrack and to change some of its decisions. I hope that we can applaud such a decision. I also hope to get the support of both sides of this House.

On motion of Senator Molgat, debate adjourned.

[*English*]

PATENT ACT AMENDMENT ACT, 1992

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-91, to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Monday next, December 14, 1992.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, up until yesterday, we thought Bill C-91 would be voted on by the House of Commons only this evening, which would have required us to come back tomorrow for first reading. Now that Bill C-91 is on the Order Paper for Monday, we can dispense with reconvening tomorrow. I will move in a moment that the Senate be granted leave to sit on Monday.

Before doing so, it is only fair that all members on both sides be aware of the heavy agenda which awaits us next week, particularly if we wish to maintain the 18th as our last day here before the Christmas recess.

On Monday we will have the motion for second reading of Bill C-91 which the government would like to have referred to committee before Christmas. We expect that the report of the Standing Senate Committee on Social Affairs, Science and Technology on Bill C-86 will be presented. We will also have the report of the Standing Senate Committee on National Finance on the Supplementary Estimates, and second reading of the relevant supply bill. Towards the middle of the week,

we expect to receive the reports on Bill C-26, which is the public service bill, and Bill C-63, which is the bill on the dissolution of Crown corporations. We wish to dispose of three bills, Bills C-86, C-26 and C-63, before the Christmas adjournment.

Either today or tomorrow the House will be passing, in one day, two bills: Bill C-96, the *Nova Scotia Courts Amendment Act*, and Bill C-94, which will ratify an agreement between the Government of Canada and the Gwich'in Tribal Council. We can also expect to receive the New Brunswick constitutional resolution.

Since all of these items can be considered urgent government business, I would certainly forgo our 1:30 to 3:00 Wednesday sittings and get back on the regular schedule.

I leave this agenda with the house in the hope that we can dispose of everything by December 18. So far, we have had excellent collaboration from all sides, and I hope this will continue right through next week.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Would the honourable Deputy Leader permit a question?

Senator Lynch-Staunton: Certainly.

Senator Molgat: I noted he said that in the middle of the week he expects the reports on Bills C-26 and C-63 to be presented. Is he perhaps anticipating the work of the committee, or does he already know the committee has made that decision?

Senator Gigantès: Is that the timetable set by Harvie Andre?

Senator Lynch-Staunton: No, that is the timetable set by Senator Olson as Chairman and Senator Bolduc as Deputy Chairman, with whom I have spoken regarding their scheduling of witnesses and their work schedule. The indications are that the reports will be presented in the middle of the week.

Senator Molgat: I just thought that perhaps my honourable friend knew something the committee did not know.

Senator Lynch-Staunton: No. I am quite sure, however, that Harvie Andre will be quite pleased to read about that in the *Debates of the Senate*.

If it is agreed, honourable senators, I move, with leave of the Senate and notwithstanding rule 59(1)(h):

> That when the Senate adjourns today, it do stand adjourned until Monday next, December 14, 1992, at 8 o'clock in the evening.

Motion agreed to.

The Senate adjourned until Monday, December 14, 1992, at 8 p.m.

THE SENATE

Monday, December 14, 1992

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

Prayers.

SENATORS' STATEMENTS

CYPRUS

WITHDRAWAL OF CANADIAN PEACEKEEPING TROOPS—POSSIBILITY OF WARFARE

Hon. Philippe Deane Gigantès: Honourable senators, the matter of Macedonia and Cyprus has come up again, and the two are connected. Canadians of Greek descent will feel aggrieved if Canada is seen as not taking into account the dangers both in Macedonia and in Cyprus. They are the same dangers. There is talk in Europe of sending troops to Macedonia to prevent warfare before it starts. The same situation exists in Cyprus. However, it seems that we are about to pull our troops out before the warfare starts.

Why would warfare start? The islands that are close to the territory of Turkey, which include Cyprus—which is independent—and the Greek islands, were formerly territories controlled by the Turks, though populated by Greeks. The Turks have never given up their colonial, imperial ideals and ideas. They are still oppressing the Kurds and other nationalities. They invaded Cyprus when they need not have. They were the first to recognize the Republic of Macedonia. The haste in making that recognition was designed to put pressure on Greece on the northwest, while at the same time exercising pressure on Greece all along the Turkish coast, where there are 180,000 Turkish troops facing the Greek islands.

There is the possibility of warfare there. The Turks are irredentist. Whenever they have economic problems, they bash someone.

Canadians have to remember that, in two world wars, Greece was on the same side as Canada. In the First World War, Turkey was on the opposite side. In the Second World War, Turkey remained neutral and made pots of money, while Greece fought bravely, then collapsed and continued its resistance against the axis powers.

The Greeks look to an ally they love such as Canada, and they look to the service that Canadian troops have given toward peace in Cyprus. They wonder why there is a desire to pull out when the Cypriot government is prepared to pay part of the bill, as is the government of Greece.

Something that Canadians of Greek descent will find very difficult to understand is why the Canadian government is taking steps that could lead to conflict between a force that is militarily much superior, namely the Turks, and a much weaker force, the Greek Cypriots, in one situation; or the Greeks facing troubles in Macedonia and also on the eastern frontier with, again, the Turks in another situation.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, as of today I make it 23 days that this government has held democracy in contempt and overstayed its welcome.

CANADA

COMMEMORATION OF PROCLAMATION OF INDEPENDENCE

Hon. Heath Macquarrie: Honourable senators, on Friday last, perhaps not being fully informed, I thought the Senate would be sitting at nine o'clock in the morning. As I trudged bravely and pantingly up Parliament Hill, I spied through the dawn's early light the Union Jack flying on our courtesy staff.

I was thankful that someone at least had remembered an important historic event, namely, the anniversary of the adoption of the Statute of Westminster by the Parliament of Canada upon the motion of R.B. Bennett. This statute signified and put into writing something that had been working well for a number of years; something that we Canadians considered reflected the genius of the British parliamentary system.

Many countries have written beautiful constitutions but have failed to live up to them. Perhaps there is nothing wrong with recalling the ancient British capacity for establishing a way of performing governmental operations, and yet not hurrying to make it into a document or a charter.

ROUTINE PROCEEDINGS

THE ESTIMATES, 1992-93

[*Translation*]

REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED AND PRINTED AS APPENDIX TO MINUTES OF THE PROCEEDINGS OF THE SENATE

Hon. Roch Bolduc: Honourable senators, I have the honour to present the fourteenth report of the Standing Senate Committee on National Finance on Supplementary Estimates (A) and (B), 1992-93.

I ask that the report be printed as an appendix to the *Minutes of Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of the report, see* today's Minutes of the Proceedings of the Senate, *p. 1578.*)

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

On motion of Senator Bolduc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

IMMIGRATION ACT

BILL TO AMEND—REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX TO MINUTES OF THE PROCEEDINGS OF THE SENATE

Hon. Noel A. Kinsella: Honourable senators, I have the honour to present the Thirteenth Report of the Standing Senate Committee on Social Affairs, Science and Technology, respecting its examination of Bill C-86, to amend the Immigration Act and other acts in consequence thereof.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day, and that it form part of the permanent record of this House.

(*For text of document, see today's* Minutes of the Proceedings, *p. 1610*)

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

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

THE CONSTITUTION

AMENDMENT REFLECTING LINGUISTIC EQUALITY OF NEW BRUNSWICK—NOTICE OF MOTION

Hon. Lowell Murray (Leader of the Government): Honourable senators, I give notice that tomorrow, Tuesday, 15th December, 1992, I will move:

> THAT WHEREAS section 43 of the Constitution Act, 1982, provides that an amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province to which the amendment applies;

[*Translation*]

> NOW THEREFORE the Senate resolves that an amendment to the Constitution of Canada be authorized to be made by proclamation issued by His Excellency the Governor General under the Great Seal of Canada in accordance with the schedule hereto.

[*English*]

SCHEDULE

AMENDMENT TO THE CONSTITUTION OF CANADA

1. The *Constitution Act, 1982* is amended by adding thereto, immediately after section 16 thereof, the following section:

> "16.1(1) The English linguistic community and the French linguistic community in New Brunswick have equality of status and equal rights and privileges, including the right to distinct educational institutions and such distinct cultural institutions as are necessary for the preservation and promotion of those communities.

[*Translation*]

> (2) The role of the legislature and government of New Brunswick to preserve and promote the status, rights and privileges referred to in subsection (1) is affirmed."

[*English*]

2. This Amendment may be cited as the *Constitution Amendment, 1992* (*New Brunswick*).

[*Translation*]

Hon. L. Norbert Thériault: Honourable senators, is —

The Hon. the Speaker: Senator Thériault, the senator was just giving notice.

Senator Thériault: Can't I ask a question?

The Hon. the Speaker: No, Senator Thériault, not according to the Rules.

GWICH'IN LAND CLAIM SETTLEMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-94, an Act to approve, give effect to and declare valid the Agreement between Her Majesty the Queen in right of Canada and the Gwich'in, as represented by the Gwich'in Tribal Council, and to amend an Act in consequence thereof.

Bill read the first time.

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday next, December 16, 1992.

[*English*]

NOVA SCOTIA COURTS AMENDMENT BILL, 1992

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-96, to amend the Judges Act and other Acts to give effect to the reconstitution of the courts in Nova Scotia.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday next, December 16, 1992.

WILD ANIMAL AND PLANT PROTECTION AND REGULATION OF INTERNATIONAL AND INTERPROVINCIAL TRADE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-42, respecting the protection of certain species of wild animals and plants and the regulation of international and interprovincial trade in those species.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday next, December 16, 1992.

CURRENCY ACT

BILL TO AMEND—FIRST READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) presented Bill S-18, to amend the Currency Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday next, December 16, 1992.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

SPECIAL STUDY ON CANADIAN CITIZENSHIP—NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO POSTPONE FINAL REPORT

Hon. Noel A. Kinsella: Honourable senators, I give notice that on Tuesday next, December 15, 1992, I will move:

That notwithstanding the Order of Reference adopted by the Senate on December 11, 1991, the Standing Senate Committee on Social Affairs, Science and Technology be authorized to present the final report on the study on the concept, development and promotion of Canadian citizenship, no later than April 30, 1993.

SOMALIA

HUMANITARIAN RELIEF OPERATIONS—NOTICE OF INQUIRY

Hon. Lowell Murray (Leader of the Government): Honourable senators, I give notice that on Wednesday, December 16, 1992, I will call the attention of the Senate to the Canadian participation in the multinational effort to establish, as soon as possible, a secure environment for humanitarian relief operations in Somalia.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 500 residents of the province of British Columbia who object to the goods and services tax.

Most of these petitions are from Port Moody, Burnaby, Coquitlam, Vancouver, New Westminster, Surrey and Richmond.

Honourable senators, I also have the honour to present petitions signed by 50 residents of the Province of Nova Scotia who object to the goods and services tax.

Most of these petitions are from Truro, Bedford, Halifax, Amherst, Coganville and Londonderry.

Finally, I have the honour to present petitions signed by 440 residents of the province of Québec who object to the goods and services tax.

Most of these petitions are from St-Hyacinthe, St-Thomas, Victoriaville, La Présentation, Ste-Cécile-de-Milton, Ste-Foy, Ste-Thérèse, Longueuil, Île Bizard, Québec City, Clarenceville, St-Cuthbert, Ste-Anne-de-la-Pocatière, Gatineau, Cantley, Granby, St-Edmond, St-Barthélémy, Montréal and St-Damase.

These petitions were signed in July, 1992!

It seems that from Nova Scotia to British Columbia, including Quebec, 990 Canadians continue to object to a tax they consider to be unfair. When the time comes they will remember how the Tory government treated them with contempt, and the sooner the better!

QUESTION PERIOD

[*English*]

POVERTY IN CANADA

LEGITIMACY OF FOOD BANKS—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I wish to give the Leader of the Government in the Senate an opportunity to dissociate himself from a comment made by one of his caucus colleagues, Barbara Greene, who is also chair of the subcommittee on poverty in the other place. On the CBC Radio Saturday morning show *The House*, she said this:

The whole idea of standing in line for food is wrong.

I have no problem agreeing with that statement, but she went on to say that food bank workers were creating jobs for themselves and, in turn, "creating the whole industry". That leaves the impression that this government does not honestly believe that there is poverty, that food banks are necessary, and that it believes that food bank workers are creating the whole industry. Is that the attitude of the government?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Leader of the Opposition is a keen student of constitutional and parliamentary practice, and therefore would know that, as a minister of the Crown, I am bound by statements of government policy made by cabinet colleagues, but I am no more bound by statements made by caucus colleagues than he is by statements made by his caucus colleagues.

Senator Frith: Will the Leader of the Government not take the opportunity to dissociate himself from those comments?

Senator Murray: Honourable senators, that would not be an appropriate thing for me, or for any minister, to do.

NEGATIVE IMPACT OF SOCIAL PROGRAMS—GOVERNMENT STATISTICS

Hon. Philippe Deane Gigantès: On this issue—which is an issue that disturbs a great many people because it reveals Herbert Spencer and 19th-century workhouse tendencies—will the Leader of the Government enquire whether there are any statistics that divide the poor from the undeserving poor; and any statistics to support an objective conclusion that reliance on food banks increases people's dependency and contributes to their state of poverty?

The Tory theory is that unemployment insurance creates unemployment, that social security creates people who rely on welfare, and that food banks create hungry people. Have any studies been done in this area? Is the Leader of the Government prepared to make those inquiries so that we can settle this issue once and for all?

[Senator Hébert.]

Hon. Lowell Murray (Leader of the Government): The same answer applies, honourable senators.

PHARMACEUTICAL INDUSTRY

MEDICAL QUALIFICATIONS OF MINISTER OF INTERNATIONAL TRADE

Hon. Philippe Deane Gigantès: Would the Leader of the Government please tell me whether Mr. Wilson, the Minister of International Trade, holds a medical degree?

Hon. Lowell Murray (Leader of the Government): Honourable senators, if my friend is interested in the curriculum vitae of any of my colleagues, I suggest that he research that information in the *Parliamentary Guide*.

Senator Gigantès: Honourable senators, I listened to the Honourable Minister say that the prices of medications would go up as a result of the passage of Bill C-91, but that savings would be made if fewer drugs were prescribed. Is the minister substituting himself for the physicians who prescribe those drugs for their patients?

• (2020)

Senator Murray: Honourable senators, I have not seen the a report of that statement which the honourable senator attributes to Mr. Wilson. Until I have seen and verified it, I would certainly not want to take any further action on it.

Senator Gigantès: Are you promising to comment on that statement after you have seen it, sir?

Senator Murray: No, honourable senators. Once I have seen the report and verified it, I will undertake to ask Mr. Wilson whether he has any comments on it.

THE ECONOMY

ENDING OF RECESSION—GOVERNMENT POSITION

Hon. Philippe Deane Gigantès: Honourable senators, I should also like to ask the Leader of the Government whether the Prime Minister was joking or serious when he said that he hopes Mr. Clinton will follow his lead, or is following his lead and, therefore, seeking soft landings and all the other mumbo jumbo about the recession ending yesterday? If so, Mr. Clinton should abandon his policies of stimulating the economy and follow the policies of the Canadian government of aggravating the recession.

Hon. Lowell Murray (Leader of the Government): Honourable senators, it is a fact that President-elect Clinton, viewing the recent evidence of new economic growth in the United States, has hedged a bit on whether it will now be necessary for him to apply stimulus to the extent that he earlier thought would be necessary. That is a fact. I am sure the honourable senator will have remarked on it in the media.

It is also a fact, to the extent that one can rely on reports coming from the media in Washington, that the President-elect

is committed to such policies as deficit reduction and deregulation, which have been a cornerstone of the policy of the Canadian government since 1984.

Senator Gigantès: Are we to take it that the government of Prime Minister Mulroney and of the honourable Leader of the Government in this chamber will hereafter take credit for everything that Mr. Clinton does right?

Senator Murray: Honourable senators, my friend asks how we should take it. He will take it with his usual equanimity.

Senator Gigantès: Does the honourable senator remember the Greek quotation I recited last time?

> Those whom the gods wish to destroy, they first render foolish.

[*Translation*]

NEW BRUNSWICK

ADOPTION OF CONSTITUTIONAL AMENDMENT ON THE PRINCIPLE OF LINGUISTIC EQUALITY—GOVERNMENT POSITION

Hon. L. Norbert Thériault: Honourable senators, I wanted to ask a question earlier, when the Leader of the Government in the Senate presented the resolution. First of all, I want to congratulate him very sincerely.

I would like to ask the Leader of the Government in the Senate if the action he has taken, which I fully support, can help correct what happened last Friday in the House of Commons.

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, it seems that the House of Commons cannot address this resolution until February 1, 1993, because of problems caused by some members in the other place last Friday.

Therefore I decided to present the resolution here in the Senate so that the Senate could deal with it this week and thus send a message to the people of New Brunswick.

Senator Thériault: Honourable senators, I am very pleased with that and for the second time I want to congratulate the Leader of the Government in the Senate for having foreseen what the Leader of the Government in the House of Commons should have foreseen! Knowing the Bloc Québécois and the Reform Party, one could have expected the Leader of the Government in the House of Commons, who is responsible for legislation in that place, to foresee these possibilities and then we would not have to face this situation today in New Brunswick.

I repeat, this can send a message to the people of New Brunswick. I am glad that the Leader of the Government in the Senate is sending this message to New Brunswickers, but it does not repair—I do not want to say the "stupidity" but I can find no other words that really explain what happened in the House of Commons not only last Friday but all last week!

Again I congratulate you and I hope that the Senate will deal with it promptly.

Senator Murray: Honourable senators, please note that the events in the other place last Friday were quite unexpected, because the Bloc Québécois had already promised to support the resolution. In fact, the NDP is at least half responsible for the mess that occurred.

Senator Thériault: Unwittingly! But as Joe Clark did not know how to count in 1979, you forgot how to count in the House of Commons!

• (2030)

[*English*]

PHARMACEUTICAL INDUSTRY

REPORT OF PATENTED MEDICINE PRICES REVIEW BOARD REFLECTING INCREASED DRUG PRICES AND ROLLBACKS—REQUEST FOR INFORMATION

Hon. Raymond J. Perrault: Honourable senators, I have a question about drug pricing. I know that the matter is before Parliament, but in view of the imminent danger of closure, it may not be possible for me to ask this question at committee meetings.

Hon. Lowell Murray (Leader of the Government): I am sorry?

Senator Perrault: Charges have been made today by Mr. Raymond Beaton of Burnaby. He says:

> The drug company Lederle-Cyanamid Canada Inc. had a product in their line called methotrexate, prescribed for the treatment of a type of skin cancer. This drug sold to the public for $57 per 100 pills.
>
> The company discovered the drug had a beneficial side effect in some patients—it greatly reduced the symptoms of rheumatism pain. It therefore decided to market it for this purpose under a new name, Rheumatrex. This drug was sold for $213 per 100 pills .
>
> The provincial bodies —

The province of British Columbia was a party to this.

> — that pay for drugs for seniors and hospital pharmacies cried foul, and the government entered into discussions with the drug manufacturer.
>
> A compromise was reached which resulted in a price change. The new price for Rheumatrex and methotrexate (still the identical drug, but with different packaging) was $98 per 100 pills.

That is still more than the original price of $57 per 100 pills.

My question is this: Has the government identified any cases where it has been found that the drug manufacturers have been grossly overcharging in the way that this article suggests? Would it be possible to provide this evidence for the

Senate so that we can determine how effective the government's review program has been since Bill C-22 was passed by Parliament two or three years ago?

Mr. Beaton says that the information for his charges came from Pierre Blais, Minister of Consumer and Corporate Affairs. The Leader of the Government may not think this is a very serious matter, but this government's attitude toward drug pricing is quite disgraceful. I want to point out for *Hansard* that the Leader of the Government is laughing at the high cost of drugs in Canada.

Senator Gigantès: Of course, the drug companies give them money for the elections.

Senator Perrault: The matter of drug pricing is before Parliament, but we believe it to be unconscionable that the government, while decreasing transfer payments and dumping responsibility for health costs on provinces, would introduce legislation to make health care dramatically more expensive.

Senator Lynch-Staunton: Question.

Senator Perrault: This is one instance where gross overcharging for a drug has been clearly identified. How many other cases of this kind have come to light? What is the government doing to protect the people of Canada from excessive drug pricing?

Senator Murray: Honourable senators, my honourable friend was not here last week when our colleague Senator Simard asked a question at a length almost equal to that of the honourable senator's question this evening —.

Senator Gigantès: Prevarication. Inability to count well as demonstrated by this particular minister.

Senator Murray: —at which point Senator Austin rose in righteous indignation to protest this abuse of the Oral Question Period. However, we will let it go tonight because I do recognize the seriousness of the issue.

Senator Perrault: It is an abuse of the rights of senior citizens.

Senator Murray: The honourable senator who has made somewhat of a study of this field, knows how the Patented Medicine Prices Review Board has worked since Bill C-22 was brought in.

Senator Thériault: It has not worked.

Senator Murray: We can demonstrate that the price increases of those patent medicines have been below the rise in inflation over that period. The honourable senator will also be aware of the measures that are proposed in Bill C-91 —

Senator Thériault: Yes, to make them more expensive.

Senator Murray: —to make the board even stronger, to increase its power. All I can say to the honourable senator, when he mentions closure in committee, is that the bill has not even been given second reading.

Senator Hastings: He said "maybe".

[Senator Perrault.]

Senator Murray: It is my hope that honourable senators would agree to give that bill second reading before Christmas. That would mean that the bill could go to committee. The Senate will not resume for many weeks, and that will give the committee many days to hold hearings to discuss the bill with witnesses, members of the government and so on.

Senator Doody: We could sit on January 2.

Senator Murray: I invite the honourable senator to come to Ottawa and take part in those proceedings.

Senator Perrault: Of course, honourable senators, the Leader of the Government is aware of the fact that this government has invoked closure in the Senate and in the House of Commons more than all of the other preceding governments combined in the history of Canada. We have lost our simple, child-like faith in the integrity of this government and its respect for the parliamentary system.

I ask my question again: Why was no action taken in this case by the board that is supposed to restrain inordinate increases in drug prices? The reduction in the cost of this particular medicine came about only after the hospital pharmacies, the provincial bodies and the seniors' organizations protested. Where was the Patented Medicine Prices Review Board when the people of Canada needed it? How many other times has that body ignored the public interest and proceeded without protecting that public interest?

Senator Murray: Honourable senators, if the honourable senator had given me notice of the question or had put it in writing, I would have made an effort to investigate the particular situation to which he refers. Surely he does not expect me to carry information about the price rise in a particular product around in my head. I just cannot do that.

Senator Perrault: Honourable senators, that would be expecting too much, but may we be assured by the Leader of the Government that he will bring a report to the Senate outlining the degree of activity by the Patented Drug Prices Review Board since Bill C-22, and, in particular, the number of price rollbacks that have taken place. I am not aware of the existance of any such document. If it does, it certainly has not been given much publicity.

How many companies have been advised that they have been overcharging for drugs? This is of great importance to the Canadian people when they are facing extremely large increases for health care.

Senator Murray: The rollbacks were not authorized under the present law. Rollback power, however, is proposed for the board under the new bill, Bill C-91. I will be glad to bring to the house whatever information is available on these matters.

Again, I urge the honourable senator to attend the meetings of the committee, when that bill is referred to committee, where he will have the opportunity to examine witnesses as to the functioning of the price control mechanism we have in place and the one that we propose.

Senator Perrault: I intend to be at the committee meetings to ask my questions. How many drug companies went bankrupt in Canada last year? There were a number of bankruptcies in other sectors; how many drug companies went bankrupt this past year? Does the Leader of the Government have an answer to that question?

Senator Murray: It may be that a few did or that none did.

Senator Perrault: That's right; he knows the answer to that one.

Senator Murray: If that is a matter of disappointment to my honourable friend, then we have a different set of values.

• (2040)

ALLEGED FRAUDULENT PRICING PRACTICES OF DRUG COMPANIES

Hon. Philippe Deane Gigantès: Honourable senators, a recent issue of the *Economist* stated that, in the United States, drug companies are the most profitable and have been for the past decade. They have relied on constant price increases to increase their profits. They operate with a margin of 35 per cent of revenue over expenses. They spend $10 billion on advertising, and only $6 billion on research. In other words, they spend an awful lot of money to convince someone that one particular firm's .333 milligrams of acetylsalicylic acid is better than another firm's .333 grams of acetylsalicylic acid.

The point Senator Perrault was making relates to the entry price incurred by a firm that changes the name of an existing drug, and markets it at no extra cost. The research costs have already been absorbed in the previous marketing of the drug under another name. The drug is renamed and, zoom, the price is many times more than it was before.

That is fraud and it is against the spirit of the previous bill which the pharmaceutical companies adopted when they promised they would not increase drug prices more than the cost of living. That being so, how does one get around that promise by taking a drug, changing its name and bringing it in again at a much higher price? How does that relate to the cost of living?

Senator Doody: And you criticized poor Senator Simard for a lengthy preamble.

Senator Gigantès: Senator Simard enjoys me criticizing him, as I enjoy him criticizing me. We are in tandem in this place. I also enjoy it when Senator Barootes heckles me, although he is not doing so at the moment.

Senator Barootes: I have not said anything!

Senator Gigantès: That is what I am complaining about.

Senator Barootes: Sit down.

Senator Gigantès: Senator Barootes is the one who encouraged the doctors to go out on strike, rather than stay to take care of the sick, in order to try to stop this country from providing Medicare. Come on, rise to the bait.

Senator Lynch-Staunton: Question!

Senator Barootes: Who is asking questions of whom?

POVERTY IN CANADA

LEGITIMACY OF FOOD BANKS—GOVERNMENT POSITION

Hon. Joyce Fairbairn: Honourable senators, I am sure there is not a senator in this chamber who does not view the increase in the number of food banks in Canada over the last few years to well over 400 as a human tragedy because of the growing numbers of people on welfare, the more than a million children living in poverty, and the more than a million and a half Canadians who are out of work.

I would ask the Leader of the Government in the Senate to take this opportunity to distance himself from the suggestion made by one of his caucus colleagues on the House of Commons side that people who are providing this service and going through the stress of running food banks are in fact trying to create jobs for themselves. It is a preposterous notion and I would expect the Leader of the Government, if not as a member of cabinet, as an individual member of the Senate, would wish to repudiate that suggestion.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I dealt with that matter in reply to the first question asked by the Honourable Leader of the Opposition in the Senate.

Senator Gigantès: You dealt with it in an unsatisfactory manner, which is why Senator Fairbairn is asking the question again.

Senator Fairbairn: Honourable senators, I will follow up my almost entreaty to the Leader of the Government in the Senate for the sake of people who are actually carrying out this function at this time of year; at a time when Parliament should be worried about helping people to discharge the responsibility that has been forced on them through the necessity of having food banks. I know from my own experience that this is an insult to Jenny Skinner and Jock Carpenter who run the two food banks in Lethbridge. I ask the government leader to think about it and perhaps tomorrow he will indicate that this is not in any way indicative of his party's or his government's attitude towards the situation in which our society finds itself.

Senator Murray: Honourable senators, the Member of Parliament who spoke on those matters is considerably experienced in this field of policy. She clearly has a point of view; she clearly wanted to start a debate on the issue, and she has clearly succeeded.

Senator Fairbairn: I would hope that the leader of government would clearly distance himself from the remarks of his colleague, because there are others who are expert on this issue who are appalled at the suggestion.

Senator Murray: Honourable senators, Ms Barbara Greene, MP, did not purport to speak on behalf of the government. Therefore, it is not for me as a minister of the Crown to associate myself with, or to disassociate myself from what she says.

Senator Gigantès: However, as a human being, does the Leader of the Government not owe it to those people who are working for the poor to say something to encourage them when they are being attacked by a Tory?

Hon. Jerahmiel S. Grafstein: Honourable senators, I had not intended to deal with the current subject matter. However, I would like to place on the record the fact that my younger son is a volunteer at a food bank in Toronto. He joined the food bank with no intention of deriving either a job or any remuneration, but merely as a volunteer to assist the general need in Toronto.

Although that is not the purpose of my question, I would like to bring that information to the attention of the government side. Numerous volunteers in the city of Toronto go to the food banks every day, and they do not look upon what they are doing as a job, but as a way of assisting those in need.

CYPRUS

TIMETABLE FOR WITHDRAWAL OF CANADIAN PEACEKEEPING TROOPS—REQUEST FOR INFORMATION

Hon. Jerahmiel S. Grafstein: Honourable senators, my question is for the Leader of the Government in the Senate. Has the government now established a timetable for the withdrawal of the Canadian troops that are now in Cyprus? If so, could he advise us when that might be?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am advised that the troops will be withdrawn by mid-1993. This will not be before the mandate date of June 15 and not after the troop rotation in September. The details will be developed in consultation with the UN.

Senator Grafstein: What steps has the government taken to ensure that, by the withdrawal of these troops, Cypriot citizens involved in this dispute will not be put in harm's way?

Senator Murray: Honourable senators, the decision in that regard is being taken in consultation with the United Nations.

Senator Grafstein: Is the Government of Canada satisfied, notwithstanding the consultations, that people will not be put in harm's way by the withdrawal of these troops?

Senator Murray: Honourable senators, I will deal with other questions on that matter tomorrow. The time for Question Period has expired.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have an answer to a question raised by Senator Perrault on December 2, regarding the increases in employment since the Patent Act was amended.

[Senator Murray.]

INCREASES IN EMPLOYMENT SINCE PATENT ACT AMENDMENT REQUEST FOR STATISTICS

(Response to question raised by Hon. Raymond Perrault on December 2, 1992)

According to a survey of 48 of the 64 companies member of Pharmaceutical Manufacturers Association of Canada (PMAC), it can be stated that from 1987-1991, a minimum of 2,481 net new jobs were created in the innovative pharmaceutical industry, a growth of 17.1%. This brings the total employment figure for these companies to 17,002 from 14,521 in 1987. The rate is on target for PMAC's commitment of creating 3,000 new jobs in the innovative pharmaceutical sector in Canada by 1996. These numbers mean that based on the performance of 75% of the companies who committed themselves in 87, the ratio/achievement is near 83%. One could conclude that the goal aimed at has already been achieved, in half the time expected.

The following table provides a break-down as to the type of employment created:

Classification of New Jobs	Number of New Jobs	Percentage of Total
Medical R&D	706	28.5
Manufacturing	–181	–7.3
Distribution	21	0.9
Mark. & Sales	1405	56.6
Administration	530	21.4
TOTAL:	2481	100

R&D jobs includes clinical research on medicines developed in other countries as well as research in the development of new drugs. A further breakdown on the number of new jobs created solely in the clinical research area that had been developed in other countries is not available.

[*Translation*]

PRIVATE BILL

UNITED GRAIN GROWERS, LIMITED—BILL TO AMEND ACT OF INCORPORATION—MESSAGE FROM COMMONS

The Hon. the Speaker*pro tempore* informed the Senate that a message had been received from the House of Commons returning Bill S-16, to restructure United Grain Growers, Limited, and acquainting the Senate that they had passed the bill without amendment.

• (2050)

ORDERS OF THE DAY

[*English*]

INTELLECTUAL PROPERTY LAW IMPROVEMENT BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelleher, P.C., seconded by the Honourable Senator Comeau, for the second reading of Bill S-17, to amend the Copyright Act, the Industrial Design Act, the Integrated Circuit Topography Act, the Patent Act, the Trade-marks Act and other Acts in consequence thereof.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, this is the Intellectual Properties Law Improvement Bill. This bill was spoken to by Senator Kelleher on Thursday last, and I have reviewed his intervention.

I was somewhat worried by the title and words he used such as "today's needs for intellectual property protection," the need to "streamline and modernize intellectual property", and its objective is to "improve intellectual property administration practise and procedures." Those are the kind of blandishments that are often used to cover up initiatives that can have harmful effects.

I was disarmed considerably today by a visit from Mr. Alan Troicuk, senior legal analyst, Legislative Division Directorate at Consumer and Corporate Affairs, and Caroline Thibaudeau, a public servant attached to the deputy minister on parliamentary relations.

As Senator Kelleher said, the bill deals with five pieces of legislation, all of them important branches of the law of intellectual property: the Patent Act, the Trade-marks Act, the Copyright Act, the Industrial Designs Act, and the Integrated Circuit Topography Act.

I went over each of these acts with Mr. Troicuk and Ms Thibaudeau. I was suspicious, not of them, but of the possible motivation for some of these changes. This is a technical bill. It is not a simple bill. It has 73 sections, including the "coming into force" section.

These two individuals were very forthcoming. As far as I was able to learn today, the principle of the bill should be supported and it should be sent to a committee for study. I believe that, in a few hours, the members of the committee should be able to obtain satisfaction that all these changes do represent technical and administrative improvements to the law of Canada as it deals with intellectual property.

It is also worthwhile to underline something else I discovered from them today; that the Canadian Intellectual Property Advisory Committee, IPAC, referred to by Senator Kelleher, consists not only of creators, that is, the patent-holders or the intellectual property owners, but also users, consumer associations and other users. They apparently support this bill.

The principle of the bill deserves support. It should get careful study clause by clause in the committee, and then we will see what the committee has to report. Honourable senators, I recommend that we give second reading of this bill now.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

Senator Frith: Honourable senators, on the question of which committee it should go to, patents and royalties is one of the specific subheadings of Banking, Trade and Commerce, so one would be tempted to send it to that committee. However, it deals with a lot more than patents and royalties. It also deals with trade-marks and with copyright.

I can be persuaded otherwise, but, because it is technical, my intuitive feeling is this bill would be better to go to Legal and Constitutional Affairs. It will be easier to get the basics understood and get on to the technical changes. My recommendation is that it go to Legal and Constitutional Affairs rather than Banking, Trade and Commerce.

Transport and Communications has some experience in the copyright side. If it were more substantive about copyright, I would be inclined to think it could easily go there. However, it is so split and technical that it would be better to go to Legal and Constitutional Affairs.

Hon. John Lynch-Staunton (Deputy Leader of the Government): We agree with the Leader of the Opposition and so move.

On motion of Senator Lynch-Staunton, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[*Translation*]

THE PATENT ACT AMENDMENT ACT, 1992

BILL TO AMEND—SECOND READING—DABATE ADJOURNED

Hon. Mario Beaulieu moved the second reading of Bill C-91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters.

Honourable senators, today a very important piece of legislation is put forward to strengthen the Canadian economy by increasing patent protection for pharmaceutical products. Under Bill C-91, patented pharmaceutical products will be protected for the same full period of patent protection as in other technology sectors, thus providing Canada with access to standards used in all other industrialized countries.

This bill will also give the Patented Medicine Prices Review Board more power to protect consumers. Because of the role this board plays, we can be sure that there will be

increased monitoring of manufacturers to prevent them from charging excessive prices.

[*English*]

I am presenting today Bill C-91, an act to amend the Patent Act and to solidify the role of the board that oversees price control, the Patent Medicines Price Review Board. This change will be beneficial for all Canadians. The bill will help Canada in its quest to surge ahead in the search for new medicines and cures. At the same time, we will ensure that prices continue to be affordable for all citizens.

[*Translation*]

We are convinced this act will bring tangible benefits to consumers and to all Canadians directly involved in this industry either as employees or as research workers. This is what we are trying to show with the supporting figures we brought today.

Our colleagues in the House of Commons have discussed the value of this bill tabled for first reading on June 23, 1992. That first version has been amended and the bill we have received can now be examined on its merits. Bill C-22 dealing with the same subject was submitted to the Senate for analysis more than five years ago. I was not here at the time, but I know that debate generated keen and heated exchanges.

[*English*]

I was reading the transcripts a few days ago from the 1987 senate debates over the adoption of Bill C-22 with great interest. Some of my esteemed colleagues from the other side were as inventive and active then as they were about the GST provisions last year, when I first entered the Senate.

[*Translation*]

I want to stress the fact that today, the situation has changed considerably. With the passage of time, we have now reached the point where we can proceed with a more objective assessment of the consequences of the proposed changes, while in 1987, when it was impossible to make predictions with any degree of certainty. Today, we can estimate the investment commitments of the companies involved, the monetary impact of amounts invested in R & D, the number of jobs created, plus a very important factor: the increase in the prices of drugs.

We have these figures, and we will give them to you. As we introduce this bill today, our position is straightforward: Bill C-91 is a proposital that is clear and easy to assess.

The changes involved are far less substantial than they were in Bill C-22. We know the results of introducing Bill C-22, and thanks to these figures, we can pinpoint the impact this new bill will have. I am convinced that after examining this bill, we will all realize it is in our best interests to proceed thoroughly and quickly, because there are also a lot of deadlines involved. Bearing in mind the objectives of this bill, we can say that its passage is vitally important, not only because of the timeframes of eventual agreements under GATT and NAFTA but also because of our firm resolve to ensure that Canada some major investments. The industry is now undergoing dramatic restructuring internationally, and decisions are being made at this very moment on policy and investment. That is why we must act now and maximize our efforts. After due consideration, I am sure you will agree that the bill deserves this kind of urgent attention.

What kind of changes are involved? Briefly, the purpose of this bill is to remedy a situation that puts us at a disadvantage, so that Canada can offer the same conditions as all other industrialized countries. We want innovators in the pharmaceutical field to be able to enjoy the same market conditions that prevail elsewhere.

At the present time, innovating companies are obliged to obtain licences. According to the compulsory licensing regulations now in effect, generic companies still have the right to obtain licenses authorizing the production of copies of patented drugs even before the patents have expired.

We are proposing a new system that would eliminate compulsory licensing and extend patent protection for a longer period, an estimated average of 3 or 4 years, so that producers can enjoy the fruits of their research. We propose a period of full patent protection of not more than 20 years, compared with 17 years at the present time, including time spent on design, and development as well as the period of market exclusivity. In other words, we want to give innovating companies a protection period similar to that given by our GATT partners. As you know, GATT suggests a minimum of 20 years.

We believe the industry, which is nevertheless flourishing in this country, should be able to count on the same development conditions it enjoys in most other countries. As markets become globalized, it is of course unthinkable that Canada should remain the obsolete exception in a competitive market.

This change will improve our competitive position and encourage new investors to settle in Canada once our rules are more in line with those of all other industrialized countries. The increased patent protection will also promote major capital injection by businesses already well established in our country (commitments in excess of $500 million). These are the same corporate citizens who had assured us of their cooperation when Bill C-22 was introduced in 1987. That bill that we have made into law changed the conditions in which pharmaceutical innovation takes place. The players are the same now as they were then. They had promised to act and they did. We have very reason to believe that they will again. Why want to break a combination that is bound to benefit Canadians?

We are looking at a legislation which is doubly stimulating for the economy with, on the one hand, a more competitive context to attract new investments and, on the other hand, the formal promise of injecting immediately several hundred millions of dollars.

We will recall that, in 1987, the businesses involved in pharmaceutical research had promised to create new jobs and to invest in research and development in response to the broadening of the scope of the law.

By 1991, these businesses were spending $376.4 million in research and development. That is much more than promised in 1987. As a matter of fact, it represented 9.7 per cent of their sales for 1991, a 23 per cent increase over the previous year.

We will recall that the level of investments represented 5 per cent of sales when Bill C-22 was adopted in 1987. The companies had promised at the time to raise it to 10 per cent by 1996. They are almost there today, five years early. Since 1987, they have invested over $1 billion in research and development.

Let us not forget that this money is not spent only on their own laboratories. Canadian Universities and hospitals also received millions in funding from pharmaceutical companies. In addition to the 18,000 jobs they provide within their organizations, these companies help to maintain and create thousands of research jobs elsewhere in the country.

In his speech to the House of Commons on September 17, 1992, the honourable Pierre Blais, the minister responsible for this bill, quoted some comments received from all deans of faculty of medicine confirming this fact. You will agree that this is a far cry from the prophecies of prophets of doom who saw all the money flying out of the country to fill the coffers of the international headquarters of these companies.

Of course, these are mostly foreign companies, but they are doing business here, they offer Canadians well-paid jobs and they also honour their commitments. They have kept their promises about to research and development or job creation. Once again, the results have exceeded our expectations. Despite figures showing that only 1,300 jobs have been created, we know that is not the case. In 1987, drug companies promised new jobs (estimated at 3,000 by the government). Up until now, 2,400 jobs have been created, including 700 for scientists. The companies have four more years to create 600 other jobs according to the commitment they made. Here again, we can say we are almost there. As we can see, the drug companies kept their promise.

Let me make a short aside here on the important role that generic drug companies play in this issue. Some will claim that this bill is a death sentence for them. I think that they are the same people who said that would happen in 1987. Instead of dying after the 1987 law passed, these companies have surged ahead, with sales increases of 180 per cent since that time. You should also know that these companies, which love to wrap themselves in the Canadian flag to defend their cause, employ only 2,300 people in all throughout Canada, while the other companies employ 18,000. The generic companies employ fewer people than the 2,400 new jobs created by Bill C-22. My intention is not to denigrate that kind of company, on the contrary, but we must be aware of the relative magnitudes involved.

As for price increases, needless to say, no one was able to predict where the economic situation would take us in 1987. By creating a price control agency, the government hoped to be able to limit excessive increases as much as possible as well as overpricing for new products introduced on the market. The Patented Medicine Prices Review Board has in general met this twofold challenge. While Bill C-91 would give it even more power, it has been outstandingly effective.

With enhanced powers, it will be able to play a much greater preventive role. In general, the Board has kept price increases below consumer price increases since it was created. From 1987 to date, the price of patented medicine has increased by 2.9 per cent a year on average. The consumer price index has risen 4.4 per cent on average in that time. We all know that this index is calculated on the price of common items bought by average consumers. Price increases are relatively low at the manufacturers' level, where the Board has a mandate to act. If some prices rose more, the reasons must be sought elsewhere. Many different players are involved along the line.

We think that the credibility of the companies mainly involved here is generally positive. Before 1987, we all knew that this industry was a potential leader for our economic progress. What we did not know, however, and what was an unknown phenomenon was the immediate future of that industry. The very special situation resulting from the 1969 legislative changes that introduced the compulsory licensing regime made it a unique case.

When it proposed changes in 1987, the government thought it was going in the right direction. But it was just as difficult for the government as it was for the opponents of the initiative to foresee the results. Today we can. Investments have improved and there was a measured growth of the economic impact of that industry on all of Canada. The companies have really generated investments and created jobs and they did it without excessive price increases. They are now proposing a new agreement. This time, they want an additional commitment of more than half a billion dollars, precisely 635 million dollars in investments for the 1992-96 period. The proposed changes are not as drastic as those of 1987. In fact, their purpose is simply to adjust our situation to that of our economic partners. The House of Commons has approved the proposal; the ball is in our court.

To comply with the requirements of the GATT and NAFTA agreements and with our objectives to improve Canada's competitiveness, we must act swiftly.

It is certainly worth it since thousands of jobs are at stake. We see no reason why we should prevent the prompt passage of the act.

• (2110)

[*English*]

Jobs are at stake as well as solid investments throughout Canada, and yet we see a parade of experts coming here to tell us that this bill will be detrimental to our country. They are coming in from the U.S. to tell us how to organize our patent

system, when we know for a fact that the U.S. is seriously reconsidering its whole approach to their Health Care system. This is one of the reasons Bill Clinton was elected president.

Senator Frith: And he opposes this bill, too.

Senator Beaulieu: When the Americans are carefully examining the success story of our Price Review Board because the price of medicines is 32 per cent higher over there, why should we take lessons from their so-called experts?

Senator Frith: He will also examine compulsory licensing and its advantages.

[*Translation*]

Yet, we have been swamped for weeks with alarming statistics from al kinds of so-called experts trying to convince us that the passage of this law will entail an erosion of the health care system or an explosion of drug prices. These experts generally come from United States where the rules of the game are quite different from ours. At the moment, I would not trade systems with them for all the money in the world. Somehow we do have in Canada responsible and qualified people in our departments who follow things closely and who are in a position to confirm that additional costs related to this measure will not exceed $129 million for the next five years.

You have to admit that this is nothing to make a fuss about. It is less than one dollar per Canadian per year or, if you prefer, less than one twentieth of 1 percent of the total health care costs in Canada. Will we believe our own experts, our own civil servants, or those artists invited over for a weekend?

We were presented with projections over a 17-year period by one of those experts. He told us that costs would increase by $7 billion. As far as I know, nobody can claim to guess demand variations over such a long period of time. I think he should run for the Nobel prize. Nobody I know of can make long-term projections of that kind. Surely, he must resort to crystal gazing and astrology.

That same so-called expert also admitted that he made his analysis over the Thanksgiving week-end. That is how serious he was. When we examined his premises, we found out that he included products that are not even affected by the bill because they are already covered by a licence. The protection of another drug he included expired 11 years ago. We have no need for studies like that when we have those of our own civil servants who are most serious and wrote a most serious bill.

And what about that other guest star from the States who deals with cars and so many other things. He told us that this bill will be the end of our medicare system.

That dominant figure of consumerism predicted that prices will explode. I have to admit that that witness was more cautious than the other one. He did not dare make 17-year projections. He is much more clever, because he has more experience.

That same fellow gave us the same gloom and doom scenario in 1987. He predicted that generic drug companies would go under and that the bad multinationals would take the Canadian consumers to the cleaner. After Bill C-22 was passed, patented drug prices increased by an average of 2.9 per cent a year and generic drug prices increased at a much faster rate.

I could go on and on and give you tens of examples of the same kind. Last week, I was reading a report on price increases of six or seven different types of drugs. Upon examination, our civil servants found out that none of those drugs was affected by the bill, but the report was supposed to describe the evil consequences of Bill C-91. Everybody should be aware that 80 per cent of the drugs used in Canada are not affected by this bill.

Did you know that there are presently 2000 products whose patents are expired and that they are therefore available to generic companies, but have never been copied? No, we should certainly not feel sorry for these companies, even if their American friends or others are asking us to. To this day, I have not heard any really serious arguments to challenge the bill.

This bill brings the promise of profitable investments for all Canadians.

At the beginning of my speech, I reminded you of the positive results that the introduction of Bill C-22 brought about. I want to conclude by bringing to your attention the positive results that Bill C-91 will give us in the short term, because we should also talk about that. These results will be the creation of well-paid permanent jobs and additional funds for researchers both at these companies and at our public institutions. These are people who devote their talents to research for the well-being of their fellow citizens. Let's not forget that they are working to help fight diseases. Moreover, innovative pharmaceutical companies are willing to help a lot by making major investments all across Canada.

It has often been said that this bill was generally meant to favour Quebec, but this is far from the truth! We all know that this is a perverse argument from those who feed on petty regionalism. We only have to look at Bill C-91 to see that, on the contrary, it will favour the whole country. As a matter of fact, continuous pressure from the government in power is bringing future investments in other regions more than ever. Merck Frosst just announced a grant of $15 million to the University of British Columbia, on top of the half million already promised by another company. Glaxo, $15 million to the University of Alberta to which Bristol-Myers has already pledged $250,000 in research funds. Ayerst will invest $60 million to build a new plant in Brandon, Manitoba, and Marion Merril-Dow will invest $1.3 million in Alberta on research on preventing heart diseases.

These are striking examples showing that all areas of the country will benefit from this bill.

[*English*]

The Canadian government has been active in trying to bring to all the provinces, not just in central Canada but everywhere, a share of the investments in the pharmaceutical industry. Overall, up to date, the commitment of those companies involved in research and development totals more than $90 million in new projects targeted outside central Canada.

Those investments are for the building of new plants and facilities, research and development in hospitals, research institutes, universities and private-sector laboratories. This means high quality employment in an environment where all sectors of industry can grow.

[*Translation*]

In fact, we have to have an overall picture of the promised investments to understand that we have everything to win in adopting this bill. If we extend our commercial exclusivity from three to four years for innovators, become competitive for the research and development industry. When we announced our decision to proceed with this change at the beginning of the year, the response was not long to come. Innovative companies immediately committed investments totalling $325 million, $80 million for Ontario and $55 million for Québec, the rest being devoted to projects throughout Canada in sites yet to be determined.

When the bill was tabled this summer, on June 23, 1992, the companies made other announcements, and an additional sum of almost $350 million was added to a total which is now estimated at $676 million across Canada. those are the figures I have for the period up until December. The same people who delivered the goods in 1987 are now promising more than half a billion dollars worth of investments.

Should we turn a deaf ear? Should we set this issue aside, as some people are asking us to do? I do not think so. For us, the answer is clear. It is our duty, as politicians, to improve the collective lot of our fellow citizens and to carefully examine the merits of this bill. We must fully understand that we are presently at the eleventh hour for its approval or its rejection. By missing the opportunity to accept this proposal right now, we will jeopardize our chances to expand, in our country, the research market in this field. The rules of the game were announced more than a year ago.

The proposal to abolish compulsory licensing and to introduce the other mechanisms provided for in the bill was unveiled early in 1992 so that all stakeholders could prepare themselves.

In fact, the Dunkel report, from which these recommendations are taken, was tabled on December 20, 1991. Today, this industry is going through a full restructuring. It is now that investment decisions are taken and should be taken quickly. Until evidence to the contrary, in terms of competitive environment, we have less to offer than other countries. We are the only country that imposes compulsory licensing and our protection period for commercial exclusivity is the shortest among all industrialized countries. It is time to act, because we are already behind.

For all the reasons mentioned here, we are certain to be working in the best interest of the country by passing Bill C-91. At least, this is my opinion, that of my party and, I hope, that of the Liberals across the floor. Thank you.

Hon. Philippe Deane Gigantès: May I put a question to Senator Beaulieu without that being considered an intervention on my part?

I just want to ask a question. Is that alright? Is there anyone on the other side?

Hon. Thérèse Lavoie-Roux: We are listening!

Senator Gigantès: Oh! I have your permission, Madam, thank you very much.

Senator Beaulieu, to pass Bill C-86, your party imposed closure on the first hour, of the first day of meeting of the committee.

Here, we are told by the government leader in the Senate that we are going to have days and days of hearings. Why do you do that? Why are you dragging your feet on this one while rushing the other one? Is it for propaganda's sake in Quebec? You are doing it on purpose!

Senator Beaulieu: Honourable senators, I am quite willing to pass it right away, but you can direct your question to the leader of the government in the Senate who will answer better than I could.

[*English*]

Hon. Jerahmiel S. Grafstein: May I ask an additional question of the honourable senator? He quoted some statistics in terms of total investment, inflationary increases and percentage related to research. Where do those numbers come from?

Senator Beaulieu: They come from our civil servants. There is no doubt about that. They have studied the case and come up with the figures. In committee we will be able to prove that all those figures are right.

Senator Grafstein: Are these figures public information? Are we able to get the entire financial picture of these corporations, as opposed to just their published conclusion?

Senator Beaulieu: They are already public.

Senator Thériault: From the companies.

Senator Beaulieu: No, no, no.

Senator Thériault: Yes, yes, yes.

Senator Grafstein: Just so we will understand, and to facilitate the debate, will we have available to us, either during the readings of the bill or in committee, the total revenue streams and costs of the generic companies that are seeking monopoly protection from the government?

Senator Barootes: They have no figures. They are private companies.

Senator Beaulieu: The committee will be answering all of those questions with pleasure.

On motion of Senator Kirby, debate adjourned.

THE PATENT ACT AMENDMENT ACT, 1992

BILL TO AMEND—NOTICE OF MOTION TO ALLOCATE TIME

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, for at least a week now there have been discussions with the leadership on the other side regarding an allocation of time for the consideration of the second reading stage of Bill C-91. As has been said on more than one occasion, it is the desire of the government to see this bill go to committee before our suggested date of adjournment, December 18, and certainly before Christmas. Unfortunately, we could not come to an agreement. Since none has been reached, I am giving notice of the following motion:

> That, pursuant to the provisions of rule 40, in relation to Bill C-91, an act to amend the Patent Act, to amend another act in consequence thereof and to provide for other related matters, not more than eight further hours of debate be allotted to the consideration of the said bill at the second reading stage;
>
> That, when the debate comes to an end or when the time provided for the consideration of the second reading stage of the said bill has expired, the Speaker shall interrupt, if required, any proceedings then before the Senate and put forthwith and successively every question necessary to dispose of the said stage of the said bill;
>
> That any recorded vote or votes on the said questions shall be taken in accordance with the provisions of rule 40 (4).

[*Translation*]

SPECIAL JOINT COMMITTEE ON A RENEWED CANADA

CONSIDERATION OF REPORT—DEBATE CONCLUDED

On the Order of the Day:

Resuming debate on the consideration of the Report of the Special Joint Committee on a Renewed Canada, dated 28th February 1992 (Sessional Paper 343-416A).

Hon. Philippe Deane Gigantès: Honourable senators, I supported constitutional reforms well before Beaudoin-Dobbie. I supported Pépin-Robarts, I supported Beaudoin-Dobbie and before that I supported Meech, I supported Charest and I supported Charlottetown.

I did that because basically, I believe that if we really want to, we can operate under any Constitution. Mr. Rémillard told us the other day that Quebec will be able to operate efficiently under the present Constitution. Mr. Marcel Adam of *La Presse* wrote: "My God, Canada was turned upside down for nothing. That does not make any sense." But maybe that makes sense; I will come back to that later. The fact is that Quebec's major achievements since the Quiet Revolution were possible without any amendment to the Constitution. What was the first main achievement? Hydro-Québec.

[Senator Barootes.]

Because of Hydro-Québec, firms like Lavalin, SNC, Monenco, and others were able de develop. Did Canada oppose it? Not at all. Did Canadian financial institutions oppose it? Not at all. Mr. Lesage also created the Caisse de dépôts et de placements, an extremely powerful financial tool which made it possible for certain firms in Quebec to develop. No constitutional change was necessary for that.

The fact that Quebecers have usually voted for the party most likely to form the government has ensured them certain benefits. Some of my colleagues who come from the West, for example, will tell you that the National Energy Program was disastrous for them, but we must remember it meant cheap gas for Quebec and Ontario when prices were going up everywhere else in the country. I believe that policy was a mistake, but nevertheless the powers that be in Ottawa didn't do any harm to Quebec.

Hon. Lowell Murray: That policy was bad for manufacturing in Ontario.

Senator Gigantès: Indeed, I do not approve of that policy, but nevertheless Quebec reaped some benefits out of it for a while. So there was no real need to change the Constitution, except for one thing—and Senator Beaudoin agrees with me on that matter—the Charter because of people like Duplessis, Sterling Lyon, Tatcher Senior, or because Japanese were thrown in concentration camps. Certain individual rights could not be left to politicians because some of them, in Canadian history, have shown that they were ready to take advantage of the prejudices and bad tendencies of rednecks found in every corner of the country and in every country of the world.

We have Preston Manning who is taking advantage of those same awful thoughts that pollute people's minds. In New Brunswick, the Confederation of Regions Party is doing the same. All these people are trying to get elected by preaching hatred. So the Charter was a good thing.

Quebec's National Assembly did not like the adoption of the Charter and the Constitutional Act in 1982, but as Marcel Adam said the other day, the people of Quebec wanted it. It is a fact that cannot be denied, and if you do not believe me, look at the polls. The National Assembly did not agree, but the polls indicate that Quebecers did. In 1984, the people of Quebec did not want to change the Constitution. Mr. Mulroney made a bad choice. He let the Brutus of our times, Lucien Bouchard, write a speech for him, saying that he would bring Quebec back in the Canadian Constitution, as if Quebec was not part of it, with honour and enthusiasm. That won him the support of the apparatchiks of the *Parti québécois* in the 1984 elections, and a whole group of members of the PQ became Conservative MP's that year.

So he was head of the government in the House, and the two were sorcerer's apprentices, prisoners of the demons they

had unleashed. I think they pushed Mr. Bourassa a little so he would propose Meech Lake. Apparently, Jean Chrétien had warned Mr. Bourassa that English Canada would not accept the Meech Lake Accord because the veto it gave Quebec would make it impossible to bring in certain reforms that other parts of Canada wanted.

Mr. Chrétien said that they would find a way to kill the accord. So Manitoba did find a way to kill it, with Mr. Harper, and of course everybody blamed Mr. Wells. Mr. Chrétien and the Liberal Party tried, like many of us did, to help the situation through the Charest committee, which produced a good report that was killed by Lucien Bouchard, otherwise it would have been adopted.

You know the rest of the story. The only good thing in all of that was the Beaudoin-Dobbie committee, not Castonguay-Dobbie. Since Mr. Castonguay could not tolerate being considered a monument by the Quebec's nationalist press, he abandoned Mr. Mulroney who had appointed him to the Senate. First he abandoned him by criticizing the Beaudoin-Dobbie report, saying that it was authoritarian. Then, he did not want to tolerate the critics to which a politician is exposed when working on a committee like Castonguay-Dobbie. Fortunately, he was replaced by Senator Beaudoin. I thought their report was good. We could have done without that report, but since we were in the spirit of constitutional change, it was the reasonable thing to do.

Well, the report was rejected after being criticized by Mr. Castonguay and other Quebecers as representing authoritarian federalism. It was not true, but that is what they said. So we entered the next process, a multi-million dollar initiative which sent Mr. Spicer all over the country to listen to what every interest group had to say. There was also another good thing, the referendum which Mr. Chrétien insisted we had because the Constitution belongs to the people and it is the people who must decide if it wants it or not. In the end, the people said no to Charlottetown. There are many possible interpretations, but I think we can safely say that Quebecers, under pressure from the Castonguays of this world, the Bélanger-Campeau Commission and the medias, had formed the opinion that it was not enough. The rest of Canada thought it was too much. I think the referendum proved it. Canada will have to live with the Constitution it has now, and I think it will never be changed because it cannot be changed without it, and no politician in his or her right mind will want to hold another one.

This resulted in a major cleavage in Quebec, and the province will have to decide between going it alone, and having its own this little self-contained business called Quebec, or becoming a partner with 25 per cent of the shares—which means a good deal of control—within a much bigger business concern. That is the decision facing the people of Quebec. Perhaps Bloc members will come to Ottawa for a while to demonstrate that nothing is working, that every thing we do in Ottawa is bad for Quebec. This may give Quebecers an opportunity to vent some resentments they have toward the rest of Canada, but it will not last. In time, they will revert to their usual patterns, except of course if they decide to separate and, if they do, they will have to go about it like Slovaquia, which means independence pure and simple and then negotiate the rest.

We would have been best not touching Senator Beaudoin's report, but we did. All three parties and both houses agreed this was an excellent report. Why did we have to? Because this country was torn by turf wars. There has always been turf wars. Each province has its deputy ministers, its Whilhemys, going to their ministers and telling them: "You know they are really jerks in Ottawa or over there. We want more, we can get more." But the constitutional pie is not big enough to allow everyone to take 100 per cent.

As far as the deputy ministers and various senior officials are concerned but mind you there are exceptions like Mr. Bolduc, who was also a senior official, I would say most of them don't get much respect or friendship form me. I don't trust them. Often they are like sharks in a pool. If one of them bleeds, the others attack. We couldn't stick with Senator Beaudoin's report because there were turf wars and people like Léon Dion who got hysterical and thought their knives weren't sharp enough or weren't used often enough. That's no way to run a country. As a result, this whole experiment was a miserable failure, and we are back to square one, but more upset, more divided and with a public perception that this government's leaders were a bunch of sorcerer's apprentices. The whole country has paid dearly for this mistake. You can't play sorcerer's apprentice with symbols, with deep set feelings, with things we have kept inside us and would rather not. You don't mess with that. And that is what Mr. Mulroney and Lowell Murray did. The country has paid the price, because this has contributed to an economic recession and to the mood of bitterness we find everywhere. It will be difficult to start all over again. There were a few wise men like Senator Beaudoin, but the rest were a bunch of crazies and sorcerer's apprentices. Thank you.

The Hon. the Speaker *pro tempore:* Honourable senators, if Senator Beaudoin speaks now, his speech will have the effect of closing the debate.

Hon. Gérald A. Beaudoin: Honourable senators, on February 28, 1992, the Special Joint Committee of the Senate and the House of Commons on a Renewed Canada, also known as the Beaudoin-Dobbie committee, tabled its report.

• (2140)

[*English*]

Ten senators were members of that committee. They are the Honourable Senators Allan MacEachen, Michael Kirby, Gérald Comeau, Nathan Nurgitz, Pierre De Bané, Mario Beaulieu, Daniel Hays, Staff Barootes, Michael Meighen, Donald Oliver, Peter Stollery and Nancy Teed.

Many other senators have also taken part in our deliberations, such as Senator Frith and Senator Lynch-Staunton. Since March 1992, at least 15 senators have made their comments on our report in this chamber.

[*Translation*]

By and large, the three-party report was unanimous, even if there were, here and there, a few differences of opinion. Today, I do not intend to sum up what some senators have so eloquently expressed in this chamber since March 1992.

Results of the referendum held October 26, 1992, have made the Charlottetown Agreement obsolete. Constitutionally, we will maintain the status quo for the foreseeable future.

Having said that, I think our committee's report was useful. It became the basis for the deliberations of the inter-departmental committee, chaired by the honourable minister Joseph Clark, which held 12 sessions in 27 days during the spring of 1992. Afterwards, four constitutional conferences chaired by Prime Minister Brian Mulroney resulted in the Charlottetown Agreement, on August 28, 1992.

On October 26, 1992, another chapter in our constitutional history was ended. We now turn the leaf.

However, one day, recommendations made by our parliamentary committee will be reconsidered, at an appropriate time, probably in a whole new context. They will then result in constitutional amendments which, at that time, will become the highest law in Canada. I am sure, honourable senators, that all the efforts made by the members of our committee, from both sides of the house, for our country were not useless. Thank you, honourable senators.

[*English*]

PRIVATE BILL

DAI AL-MUTLAQ—BILL TO INCORPORATE—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Atkins, seconded by the Honourable Senator Doyle, for the second reading of Bill S-13, to incorporate the *Dai al-Mutlaq* as a corporation sole in Canada.—(*Honourable Senator Frith*).

Hon. Phillipe Deane Gigantès: Honourable senators, I will gladly speak on this bill.

I object to the principle of this bill. I object not only to the detail of it, I also object to the principle.

We have done this before, namely, given a corporation sole standing, stamp of approval to other institutions. But we refused it to Opus Dei. We should refuse it to this institution, too. They do not need us. They can function perfectly with provincial charters.

Because the property that they will be handling will be in provincial jurisdiction, it is better that we allow this to stay within the provinces, where the various factions in some of these groups can operate on their turf within the province where they will have to seek incorporation. This is one of these groups with factions that dispute the right of the Dai al-

[Senator Beaudoin.]

Mutlaq to be the leader. Perhaps the province will be able to extract explanations from the persons who want to be a corporation so unaccountable to any one, because there is what this person seems to have in his past. If they do not have the sanction of the Senate of Canada, it might be easier for those who oppose them to challenge the way in which they handle the property. There is a lot of property involved. Giving the sanction of the Canadian Senate is, in effect, giving a kind of imprimatur, and I do not think we should get involved. Large quantities of evidence has been sent to us, in the form of respected publications in India and Pakistan which have reported on this Dai al-Mutlaq and the things he has been doing.

• (2150)

In principle, if we should not touch with a barge pole a controversial institution that is bitterly divided with allegations of criminality flying back and forth, we should certainly not refer the bill to committee. Let them clean up their act first. Let them agree among themselves and come to us with a unanimous view. We are talking about a kind of religious mafia. Those who are sending letters to us are alleging that the Dai al-Mutlaq has taken control of properties accumulated by chapters of this brotherhood and is now administering them without giving an account to any of the people who put up their money to build the community centres and so on.

Those people are protesting against this undemocratic, tyrannical and arbitrary rule by this one person, the Dai al-Mutlaq, who in interviews has said he considers himself to be God, no less. In one interview he watered it down and said that he was the equivalent of God. If he is God or the equivalent of God he certainly does not need the Canadian Senate. He should be able to arrange things the way he wants. It is said that there is only one God, in our religion as in theirs so, since he is some sort of reincarnation of God, why should we presume to try to augment God-like power? It makes no sense.

I do not think we should get involved in this sort of venture with any such organization. The Canadian Senate is not here to give out hunting licenses, gambling licenses, licenses to run boarding houses or to sell liquor; that is not our function. Our function is to legislate. This is a personal favour that is being asked by somebody who can afford to pay a very fat fee to a Tory firm. He is very rich. Do not tell me that the lawyer is doing this for nothing. Are you really suggesting that Borden & Elliot are helping this particular Bombay billionaire but are not charging him anything out of the kindness of their hearts? Tory lawyers who do not charge billionaires; you want us to believe that? Just because a Tory lawyer wants to charge a big fat fee the Canadian Senate must get into the murk of this particular situation and deal with someone who is presently being investigated by the justice system in India. We are not even waiting to see the results of the investigation.

I used to say that it was a lawyer friend of Senator Murray who asked Senator Murray who asked Senator Atkins, and

then Senator Atkins said, "No, Senator Murray had nothing to do with it".

Senator Atkins: I said that Senator Murray did not ask me to propose the bill.

Senator Gigantès: All right, I would not touch that with barge pole. I am, however, obliged to believe Senator Atkins because he now is a senator and no longer a member of an advertising and public relations firm which, by definition, has to say on behalf of their clients things that might not be exactly on the narrow path of rectitude. He is now a senator. He has said — and I read this in the *Quorum* the other day—that he is not involved in preparing the next political campaign, so he is no longer into negative advertising, into assassinating the character of the political opponents of his friends. He is now an honourable senator and he says that Senator Murray did not ask him—is that the way he put it?—to do anything about this. Very well, I believe it. However, the fact is that I do not believe that a Tory lawyer is representing this billionaire from Bombay for nothing.

Senator Murray: Would you be happy if he was a Liberal lawyer, for God's sake?

Senator Gigantès: No, I would not like it if a Liberal lawyer were doing it. I would not like it if a lawyer who was a relative of mine—and, Lord knows, I have lots of relatives who are lawyers—were doing it. I think it is improper; I think the whole mess stinks; and I do not see why the Senate should be dragged through it to please a Tory lawyer, or a Liberal lawyer, or even an NDP lawyer.

Senator Murray: Do you know how the United Church of Canada was established?

Senator Atkins: Or the Greek-Orthodox Church?

Senator Gigantès: The fact that we did things in the past that were wrong does not mean we should continue. Let me give you an anthropological example. Until white people went to Australia where they brutalized the Aborigines—there is no doubt about it—it was the rule among Aborigines that fathers should couple with their daughters. They did not know it was eugenically wrong. They were informed that it was eugenically bad. Australian law forbade it and tried to stop it. The Aborigines continued because it had been the ritual.

Just because Bishop Strachan went around beating up people to collect the money he thought they owed to his church, should we encourage our people to associate with tough people with whips and sticks, as he did in his time, just because it was done once? Just because we incorporated various bodies in the past, which in my view should never have been incorporated, must we continue the same practise? We never change, we never improve. We must remain mired in old habits.

Why should we give the imprimatur of the Senate to somebody who is not even a Canadian citizen, who will have the right to administer property here in Canada, property accumulated by people who are Canadian citizens, and who will probably be able to take this property out of the country, to the detriment of those citizens, to the detriment of Canada, and, in a small way, to the detriment of the Canadian dollar?

We have no obligation whatsoever to accede to the request of a Shiite. The Shiite sect has put a price of $3 million on Salman Rushdie. We will sanction a Shiite sect by allowing this man to come here and apply in this country the practices that have him in trouble with the authorities in India and Pakistan, where he is accused, among other things, of smuggling diamonds and of desecrating cemeteries.

I cannot understand why an honourable man like Senator Atkins, just because he has an acquaintance or a friend or whatever who is a Tory lawyer, wants to drag us through this. What if I were to do this for some weird sect from Greece? We do have some weird sects. We have one that embarrasses the Greek government every year by going to the United Nations and stripping to protest the fact that the Greek government has changed the calendar from the old Julian calendar to the Gregorian calendar found in most western nations.

Senator Phillips: Greek Doukhobors.

Senator Gigantès: Greek Doukhobors. At Gregorian Christmas celebrations they enter the churches and disrobe. They then get arrested. They then send video tapes to the United Nations. Believe me, if they came here and asked that we make them a corporation sole, I would oppose it, not only on aesthetic grounds—most of them do not look too good naked—but because I do not see any reason whatsoever for giving corporation sole status to anyone.

• (2200)

Senator Phillips: Were you a spectator or a stripper?

Senator Gigantès: I am not a Doukhobor, no sir. I follow the Gregorian calendar, not the Julian. I do not strip very easily, at least not in public. I have too much respect for the aesthetics and civilities of my fellow human beings. I do not want them to see my knees and feel discomfort.

I do not understand why Senator Atkins, Senator Murray and other senators opposite want to go to such lengths to please one Tory lawyer. Surely that Tory lawyer can make money doing something else. There must be some Canadian-born criminals that he can defend. Does he have to go overseas to find clients? Is business that bad in the law in Toronto that he has to find a character of dubious past who claims to be God, and defend him? Since when does God need a lawyer?

Senator Lynch-Staunton: What else is he guilty of?

Senator Gigantès: I do not care whether or not he is guilty.

Senator Lynch-Staunton: You called him a criminal. What is he guilty of?

Senator Gigantès: If he were the Archangel Michael, I do not want him to be a corporation sole, on principle. There is no reason why someone should have a corporation with an awful lot of property and no board of directors to report to, no accountability. The corporation sole would give this person

the right to dispose of property and money with no accountability to a board of directors.

Senator Lynch-Staunton: You called him a criminal. What has he been found guilty of?

Senator Gigantès: He is under investigation for all these things.

Senator Lynch-Staunton: He has not been convicted of anything. He has been accused, not convicted?

Senator Gigantès: I consider, if I may —

Senator Lynch-Staunton: We should be careful what we say.

Senator Gigantès: No, I am not careful about religions. I am against established churches of any kind, all of them—except the Anglican because Anglicans are hardly a religion. We Anglicans say we are not religious, we are Anglican.

I do not see why we should grant the status of corporation sole to any religious organization. Although we have done it in the past, that does not mean we must continue doing it. There were times in the past when we were naked in the caves dodging sabre-toothed tigers. Should we continue doing it because we once did? There are no sabre-toothed tigers any more. I do not see why we should continue with a practice that no longer has a purpose, simply so that a Tory lawyer can earn a fat fee.

Senator Di Nino: Nonsense.

Senator Gigantès: This person is not a Canadian citizen.

Senator Lynch-Staunton: So what?

Senator Gigantès: Why should a non-Canadian citizen come here and disturb Canadian citizens; some of them writing to us that they do not want him?

Senator Lynch-Staunton: Let's go to committee and find out.

Senator Gigantès: I do not want to go to committee. This is why one opposes it at second reading.

The Hon. the Speaker: Order please, Senator Gigantès.

Senator Gigantès: I am opposed to this on principle.

Hon. Norman K. Atkins: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the honourable Senator Atkins —

Senator Gigantès: I am adjourning this on behalf of Senator Corbin who asked me to adjourn it in his name.

The Hon. the Speaker: According to the rules, if Senator Atkins speaks now it has the effect of closing the debate.

Senator Gigantès: Then he cannot speak now because Senator Corbin wishes to speak.

Senator Hébert: I adjourn the debate for Senator Corbin.

[Senator Gigantès.]

On motion of Senate Hébert debate adjourned.

INTER-PARLIAMENTARY UNION

EIGHTY-EIGHTH CONFERENCE, STOCKHOLM, SWEDEN

Hon. Peter Bosa rose pursuant to notice of Tuesday, October 13, 1992:

> That he will call the attention of the Senate to the deliberations of the Eighty-Eighth Inter-Parliamentary Conference held in Stockholm, Sweden, from September 5th to 12th, 1992.

He said: Honourable senators, it is my privilege to report today on the results of the Eighty-Eighth Inter-Parliamentary Conference held in Stockholm from September 5 to 12, 1992. Eight Canadian parliamentarians, including my honourable colleagues, Senators Lewis and De Ware, participated in this conference.

Before commenting on the deliberations of the conference, I would like to tell you about our host country, Sweden. Approximately one year ago, the Swedish political scene changed substantially. For generations Swedish political affairs had been dominated by the Social Democratic Party which had governed Sweden for 52 of the past 60 years. Between the 1988 and 1991 elections, public opinion polls reported a marked shift to the right. The ruling Social Democrats altered their position on several major issues on which right-wing parties were closer to public opinion. They cut income taxes, but raised value-added taxes, the equivalent to our GST. They put off more or less indefinitely the closure of nuclear reactors and announced an intention to join the European Community. They implemented an austerity plan with the emphasis on combatting inflation, rather than maintaining full employment.

Despite having moved to the right on so many issues, the social democrats failed to recover support. In the September 1991 election they and their traditional coalition partners both lost ground.

Following the resignation of Social Democratic Prime Minister Carlsson, and after lengthy negotiations, the moderate Conservative Party leader Carl Bildt formed a minority government with the support of three other non-socialist parties, including the Liberal Party. The present Minister of Finance is a Liberal. The remaining political faction, the populist New Democratic Party, was left holding the balance of power.

There are some doubts as to the durability of the current coalition government, as non-socialist opinion is seriously fragmented. During our visit the Swedish economy was under extreme pressure. Overnight interest rates were raised to 500 per cent to discourage speculators from borrowing kroner from the central bank in order to sell them and then buy them back at a tidy profit after they had been devalued. Once the immediate crisis passed, interest rates sank to a mere 50 per cent.

Swedish foreign policy is based on a longstanding national commitment to non-alignment in peace time and neutrality in times of war. In recent decades, this policy has been supplemented by an equally strong commitment to improving the world order through support for the United Nations, disarmament, environmental cooperation, GATT, and assistance to developing countries. Various initiatives, including large contributions to United Nations peacekeeping forces, and the donation of 1 per cent of Swedish Gross National Product to assistance programs, have won Sweden a special standing in international affairs.

• (2210)

The Swedish IPU group has played a significant role in the Inter-Parliamentary Union and has hosted an inter-parliamentary conference on three occasions; 1921, 1949, and 1992. In his opening remarks, His Majesty King Carl Gustaf XVI, said:

> From many points of view, the situation in the world today is the same as in 1921, when Sweden was hosting the IPU Conference for the first time. Then, just like now, we were looking for a new international order. In 1921, the Union came out in strong support of the efforts of the League of Nations. And on the Agenda of this conference, one of the items is Contribution of Parliaments to enhancing the role of the United Nations.

King Gustaf continued:

> Historically, the Inter-Parliamentary Union has made important contributions to the work for peace and cooperation among nations. Over the years, eight of its leading personalities have been awarded the Nobel Peace Prize, a proof of the great quality not only of the individuals but also of their work.

The eight leading personalities of the IPU who received the Nobel Peace Prize were: Frederic Passy of France, Albert Gobat of Switzerland, William Randal Cremer of the United Kingdom, Frederic Najer of Denmark, Angust Beernsert of Belgium, Henry La Fontaine from Belgium, Christian Lange from Norway, and Henri Buisson from France.

Participating in this conference were 500 parliamentarians from 101 countries, a record number of countries. Approximately 16 per cent of the delegates were women parliamentarians, and this figure compared favourably with the percentage of women holding seats in the world's parliaments, approximately 11 per cent. It is interesting to note that the parliaments with the highest proportion of women are all from the Scandinavian countries, including our host country Sweden, where 38.1 percent of its members are women.

Of the three substantive questions on the Conference agenda, two were chosen during the previous conference: The contribution of parliaments to enhancing the role of the United Nations and the need for a radical solution to the problem of debt in the third world. Canadian parliamentarians participated in the debate on these subjects, and, in the case of the one on the United Nations, a Canadian delegate, Mrs. Anderson from the other place, was the rapporteur for the committee which prepared a draft resolution.

At each conference there is an opportunity for delegations to submit a supplementary item for the agenda. This time the Canadian group submitted "Transparency in arms transfers through a global arms register". Honourable senators may recall that Canada played a prominent role in a United Nations study committee on the subject of arm sales. Its report, submitted to the General Assembly last fall, called for the creation of a global arms register. That has received widespread support.

While there was good support for the inclusion of the subject on the agenda, a number of delegations suggested that it may be more appropriate to place it as a major item on the agenda of the next conference. That way, delegations would have sufficient time to study the subject and bring detailed draft resolutions and speeches to the next conference. The Canadian group agreed with this suggestion and withdrew its proposal for a supplementary item. You will be pleased to know that the subject of a global arms register has been placed on the agenda of the next IPU Conference, to be held in April 1993 in New Delhi.

There is also an opportunity at these conferences for a general debate on the political, social and economic situation in the world. As vice-president of the Canadian group, I spoke on this debate and used the opportunity to talk about the need for the protection of human rights and the protection of minorities. In particular, I pointed out how the multiculturalism policy is carried out in Canada.

During this conference, our chairman, Dr. Bruce Halliday from the other place, was elected to a one-year term as vice-chairman of the committee of Parliamentary, Juridical and Human Rights Questions. I wish to congratulate him on being elected to this prestigious committee.

I would be remiss if I did not speak about the work of the IPU Committee on the Human Rights of Parliamentarians. As many of you are aware, our honourable colleague Senator Neiman was instrumental in the establishment of this committee in 1977. From 1978 to 1988, she served as a substitute member and in 1988 was elected as a full member. Earlier this year she was elected chairperson, a post she held on a previous occasion. Regrettably, she found it necessary to resign from the committee because of health problems. Numerous tributes were given to her, publicly during the Conference and individually by a number of delegates.

The Committee on the Human Rights of Parliamentarians meets four times a year and examines the case of parliamentarians subjected to arbitrary action during the exercise of their mandate. During the first phase of examination and communication with the authorities of the country concerned, its work is strictly confidential. If, however, an acceptable settlement is not reached within a reasonable period of time, the cases are made public. During the Stockholm Conference, the violation of human rights of 106 members or former members of Parliament in nine countries were brought to our attention.

Of the 106 persons concerned, eleven had died or are presumed dead. The 101 cases are from Bulgaria, Chile, Columbia, Haiti, Honduras, Indonesia, Myanmar, Togo and Turkey. The cases from Bulgaria, Togo and Turkey were made public for the first time. Myanmar accounts for 65 cases and Turkey for 25.

Since its establishment in 1977, the committee has examined over 750 cases in 60 countries. Supporting action by Parliaments affiliated with the IPU have played a key role in securing positive developments. The types of actions taken, are: Public reports in Parliament; contacting the Ambassador of the countries concerned or asking our ambassadors in the countries concerned to monitor these cases.

As the world organization of Parliament, the IPU has a responsibility to work for peace and cooperation among peoples for the firm establishment of representative institutions. Specifically, it fosters contacts, coordination, and the exchange of experience among Parliaments and parliamentarians of all countries; considers questions of international interest and expresses views on such issues with the aim of bringing about action by Parliaments and their members; contributes to the defence and promotion of human rights; and contributes to better knowledge of the working of representative institutions and to their strengthening.

In conclusion, I would like to refer to the closing comments used by the President of the Union, Sir Michael Marshall of the United Kingdom. He quoted a passage from the speech delivered by his predecessor at the opening of the 38th IPU Conference in Stockholm in 1949:

> This is a Conference of the Inter-Parliamentary Union . . . It consists of members of Parliaments, but its prime purpose is not to promote any particular parliamentary pattern; it is to use members of Parliament, who are persons of responsibility and influence in their respective countries, in the great cause of peace. This Union was created to promote peace and that is the purpose of gathering here today.

Thank you.

The Hon. the Speaker: If no other senator wishes to speak, this inquiry is considered debated.

[*Translation*]

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO DEFER PRESENTATION OF ITS REPORT

Hon. Jean-Marie Poitras, pursuant to notice of Wednesday, December 9, 1992, moved:

> That notwithstanding the orders of reference adopted by the Senate on December 17, 1991 and September 11, 1992, the Standing Senate Committee on Banking, Trade and Commerce be authorized to present the final report on the special study on the Canadian Deposit Insurance Corporation, the Canadian Life and Health Insurance Compensation Corporation and the Property and Casualty Insurance Compensation Corporation, no later than March 31, 1993.

Motion agreed to.

COMMITTEE AUTHORIZED TO DEFER PRESENTATION OF ITS REPORT

Hon. Jean-Marie Poitras, pursuant to notice of Wednesday, December 9, 1992, moved:

> That notwithstanding the orders of reference adopted by the Senate on December 17, 1991, June 23, 1992 and September 11, 1992, the Standing Senate Committee on Banking, Trade and Commerce be authorized to present the final report on the special study on draft regulations ensuing from the new legislation on Canadian financial institutions, no later than March 31, 1993.

Motion agreed to.

• (2220)

[*English*]

VETERANS AFFAIRS

THE *VALOUR AND THE HORROR*—CENSORSHIP OF NFB FILM—NOTICE OF MOTION—ORDER STANDS

On the Order:

> That the Sub-Committee on Veterans Affairs of the Standing Senate Committee on Social Affairs, Science and Technology be instructed to cease its consideration and examination of the Canadian Broadcasting Corporation/National Film Board series entitled: "The Valour and the Horror"; and
>
> That the Committee be instructed not to present a report thereon to the Senate.

Hon. Jack Marshall: Honourable senators, I wish to inform the Senate that it is my intention to raise a point of order when this motion is moved by Senator Frith.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, December 15, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): We are now into the 24th day of this government's political cowardice and contempt for democracy.

How much longer does this government intend to carry on in this contemptible and contemptuous manner? If we were in the Land of Oz, we might ask the Wizard to bring this government the courage to call an election, being as it seems unable to muster the effort to do this itself. However, with Christmas right around the corner, we might just as easily ask that of Old Saint Nick.

It is high time for this government to show some respect for the Canadian people by calling a general election that rightfully should have occurred on November 21, 1992.

"THOSE WHOM THE GODS WISH TO DESTROY . . .."

Hon. Philippe Deane Gigantès: Honourable senators, while speaking yesterday, I may have left some false impressions. When I was speaking against deputy ministers, present company excepted, I was referring to all deputy ministers, federal and provincial. I consider them, most of the time, to be very close to what the politburo was under the old Soviet Union.

I forgot to mention that Mr. Castonguay has been the one man most responsible for the constitutional misery this country has gone through in the last 20 years. He persuaded Mr. Bourassa to reject the Victoria proposal, and Mr. Bourassa himself has said that nothing that has been offered to Quebec since that time has been as good as Victoria.

Mr. Michael Wilson's economics are wrong with respect to using fewer prescriptions. If people stop buying the number of pills that are prescribed, the pill companies will make less money and they will increase the prices, so that measure will not achieve what he wants to achieve.

I hope most of you watched *Canada AM* this morning to see Barbara Greene looking well fed, sumptuously dressed, covered in jewels, trying to explain why it is better not to feed the poor when they are hungry.

I would suggest that the normal conclusion to this kind of Tory thinking would be that euthanasia should become a national policy. In other words, if you quit your job, you do not get unemployment insurance; you are killed, and then we do not have to look after you.

In today's really tragic, desperate economic situation, with the Tories sounding more and more like Herbert Hoover and the bankers throughout the Depression, we have the frivolous, inexplicable, despicable, ridiculous, absurd demand that the Senate of Canada take care of some obscure but terribly rich Shiite somewhere in Bombay. This person wishes to be considered as a god, and also to be given by us the status of corporation sole in order to be able to do what he likes with the property of his benighted followers without giving an account to anybody. This is all in order for a Tory lawyer to earn a fat fee, rather than giving food to the people who use the food banks.

ROUTINE PROCEEDINGS

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-NINTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

TUESDAY, December 15, 1992

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

TWENTY-NINTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Foreign Affairs for its consideration on issues related to national security and defence as well as the roles that the Canadian Armed Forces will be called upon to play in future, as authorized by the Senate on Tuesday, February 18, 1992. The said supplementary budget is as follows:

Professional and Other Services $29,732.35

Your Committee recommends that the budget of the Senate Standing Committee on External Affairs with respect to the North American Free Trade Agreement,

adopted by the Senate on Wednesday, April 8, 1992, for professional and other services be reduced by $5,000.

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

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

On motion of Senator Lavoie-Roux, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: I have the honour to present petitions signed by 503 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Vancouver, New Westminster, Victoria, Burnaby and Aldergrove.

Honourable Senators, I also have the honour to present petitions signed by 500 citizens of Quebec who oppose the goods and services tax.

These petitions come mainly from Granby, Montreal, Victoriaville, La Sarre, Amos, Longueuil, Dollard-des-Ormeaux, Saint-Albert, Saint-Hyacinthe, Malartic, Val d'Or and Sainte-Rosalie.

These petitions were signed in May 1992.

This makes a total of 1,003 citizens of Canada who oppose the GST, especially as it applies to periodicals, newspapers and books. Senator Chaput-Rolland should be particularly concerned about this and not fail to tell "her" Prime Minister about the purpose of this petition.

[*English*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, as we have seen demostrated by Senator Hébert and others, the opposition to this iniquitous GST abateth not.

I also wish to present some petitions. All are individually signed by Canadian citizens and include their addresses. All oppose the GST and demand an election. They come from the following cities and towns of Ontario: Cambridge, Dobie, Dufferin, Etobicoke, Kapuskasing, Kenogami, Kirkland Lake, Larder Lake, Mississauga, Rexdale, Toronto, Val Rita, Virginiatown.

The list of the cities and towns from Alberta are: Edmonton, Falher, Fort St. John, Girouxville, High Level, Hotchkiss, Manning, Meander River, and Notikewin, Peace River, Radway, St. Albert, and Valleyview. From New Brunswick there are: Campbellton, Cambridge Narrows, Grand Bay, Hampton, Jacquet River, Rivière du Portage, Saint John, Tracadie-Beach, and Young's Cove. From Quebec: Abercorn, Acton Lake, Amos, Asbestos, Barraute, Berthierville, Bolton, Bromptonville, Cookshire, Foster, Frelighsburg, Hemmingford, Howick, Huntingdon, Île Bizard, Knowlton, La Guadeloupe, Laval, Lebel-sur-Quévillon, Longueuil, Melbourne, Mansonville, Montréal, Pierrefonds, Pincourt, Richmond, Rougemont, Rouyn, St-Luc, Senneterre, St-Côme, St-Honoré, Ste-Thérèse, St-Hilaire-de-Dorset, St-Ferréol-les-Neiges, St-Césaire, St-Gédéon, Sutton, Val d'Or, Val Senneville.

Honourable senators, the numbers are as follows: From Alberta, 11 petitions, total names 250; Quebec, 51 petitions, 539 names; again, all individually signed in all cases; New Brunswick, 7 petitions with 125 names; Ontario, 9 petitions with 158 names. There are 78 petitions with a total of 1,072 names.

QUESTION PERIOD

PRINCE EDWARD ISLAND

FIXED LINK—ENVIRONMENTAL AND FISHERIES CONCERNS—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, I read in the good press that the governments of Canada, New Brunswick and Prince Edward Island are prepared to sign an agreement very shortly on the long-awaited fixed link. Can the Leader of the Government tell me what agreement has been reached between the province of Prince Edward Island and the Government of Canada concerning the fishermen's concerns, the environmental concerns, and the ten commandments of Premier Joe Ghiz?

Hon. Lowell Murray (Leader of the Government): Honourable senators, what is involved here is an agreement between the parties concerned to negotiate an agreement. It would set the context in which an agreement would be negotiated among the parties.

As to the concerns that the honourable senator has mentioned, these matters will be resolved if and when such an agreement is signed among the parties.

Senator Bonnell: Honourable senators, just last week the Leader of the Government in the Senate told me in this Chamber that our great friend the Honourable Don Mazankowski, in his statement on Tuesday past, said that the fixed link would go ahead, that that was included in the agreement, and that I should understand it. He understood it. Everybody else understood it. Why could I not understand it?

Now he is telling me that what they are talking about is an agreement to agree, instead of an agreement to actually proceed. Can the Leader of the Government in the Senate tell us, up to date and up front, what is going on among the governments of Prince Edward Island, New Brunswick and the the

federal government concerning Canada being joined with Prince Edward Island?

Senator Murray: Honourable senators, let me repeat what I said several times last week. The government expects that it will be possible to begin construction of the fixed link in the spring of 1993.

PUBLIC DISCLOSURE OF CONTENTS OF AGREEMENT—GOVERNMENT POSITION

Senator Bonnell: The Leader of the Government is saying that they can only hope that construction will begin soon. Last week, he was talking about the 100,000 jobs that would be created. Today, it appears that an agreement is likely to be signed.

Discussion on this matter has been going on since 1873. We have been promised a fixed link to the mainland time and time again, but in fact it seems to be getting further and further away. I understand that there is to be another agreement signed today by those great Canadians whom I have just mentioned.

We, the citizens, and we of the Upper Chamber of the Parliament of Canada, do not seem to be in the know as to what this is all about. Does the Leader of the Government not think that the people of Canada and of Prince Edward Island should know what is in that agreement, rather than have one or two individuals sign something behind closed doors which might, perhaps, have the effect of bringing to Prince Edward Island all the hoodlums from other parts of Canada who may want to go there. The best we can is that a fixed link would at least prevent them from arriving by ferry.

Senator Murray: Honourable senators, let us be clear about what is involved here. Once again, I will place on the record the remarks of the Minister of Finance as found in his Economic and Fiscal Statement of December 2:

> Advanced engineering and environmental work on the Prince Edward Island fixed crossing project will be undertaken, to allow construction of this $800 million project to begin in the spring. This will directly create an average of almost 1,000 jobs each year over the construction period and will provide spinoff benefits for the economy of Atlantic Canada.

As for the promises that the honourable senator says have been made concerning this project since 1867—

Senator Robichaud: 1873.

Senator Murray: —since 1873, as my friend Senator Robichaud points out, that was the year of Prince Edward Island's entry into Confederation.

The last firm promise that was made on this matter was made by the then Liberal government of Canada in 1965, which went so far as to have a sod-turning ceremony on the site. Senator Bonnell would have a better idea than I as to why the Liberal government which was in power thereafter, almost without interruption until 1984, was never able to follow up on that promise.

At the same time, he might ponder why the then Premier Shaw of Prince Edward Island was not even invited to the ground-breaking ceremony and, as Senator Robichaud indicates, neither was the Premier of New Brunswick.

Senator Bonnell: Honourable senators, let me straighten out the understanding of the Leader of the Government. The reason that project was not followed up by the Liberal government under Mr. Pearson—Mr. St. Laurent, pardon me— was because a fellow named John George Diefenbaker —

Senator Murray: It was the government of Mr. Pearson in 1965.

Senator Bonnell: Mr. Pearson came out and started the project. Then a fellow by the name of J. Watson McNaught started the road construction for the causeway. The trouble was that that the government did not stay in power. The Tories were elected, and that stopped the whole project. John George Diefenbaker became Prime Minister —

Senator Murray: You had another 19 years in office after that.

Senator Bonnell: Yes, and we will have another 19 or 20 years coming up, if you ever call that election.

Senator Murray: We will build the fixed link.

Senator Lynch-Staunton: Will you invite us to the opening?

Senator Bonnell: I will tell you this: We will tell the people of Prince Edward Island and the people of Canada what is contained in the agreement and what is taking place so they will know and be able to make those decisions for themselves, rather than having them made in secret behind closed doors with just half a dozen people present.

We want to know what the ten commandments are, and how many of them will be fulfilled. We have a new fellow who has just announced his candidacy for leadership of the Liberal Party in Prince Edward Island whose name is Creed. He believes in going back to the old days of beans and "baloney." They say that Premier Ghiz has the Ten Commandments and this fellow has the "Creed".

What is contained in the agreement that the federal government expects Prince Edward Island and New Brunswick to sign before construction of that fixed link can commence?

[*Translation*]

THE SENATE

POLICY ON EQUAL EMPLOYMENT OPPORTUNITY

Hon. Eymard Corbin: Honourable senators, I would have a question for the Chair of the Standing Committee on Internal Economy. It has come to my knowledge in the past few days—make no mistake, I am keeping personalities out of this—that the only woman driver of the shuttles between the various Senate buildings not longer holds that jobs. Not so long ago, as I recall, we had two women drivers.

Apparently, following a competition, the lady in question was dismissed from her job and replaced by someone who had won one competition or another. The bottom line is that there is no women driving our shuttles any more.

How come this person who drove these busses for at least two years is suddenly denied this privilege and transferred to messenger service, if my information is correct?

Is it a Senate policy not to have women bus drivers? Is that our conception of equal opportunities here in the Senate?

Hon. Thérèse Lavoie-Roux: Honourable senators, you could have come and asked this most relevant question to the Committee on Internal Economy this morning, where we happened to be discussing, among others things, employment equity for women.

As regards the particular problem you are raising, you will understand that I am unable to provide you with an answer immediately. I will gladly inquire about the particular circumstances which have led to this lady being transferred to another position.

Senator Corbin: I thank the honourable Senator for her invitation to attend meetings of the Committee on Internal Economy. I wish to inform her one last time that I have no intention of going to those meetings because I have other business to attend to. This morning, for instance, I shut myself away in my office very early to prepare my speech on the incorporation of the Dai al-Mutlaq under Bill S-13, after which I was so short on time that I once more had to be satisfied with eating sandwiches at caucus.

At the meeting of the Senate Committee on Finance—after this afternoon's sitting—it will be sandwiches again for dinner tonight and the same tomorrow.

That is why I do not attend the meetings of the Committee on Internal Economy. I accept what my colleague said. I don't expect the honourable senator to have the information right at her fingertips, even though she is well informed on other matters. If she promises to enquire and to give the Senate some element of reply, I will be satisfied for today. Thank you, honourable senators.

Senator Lavoie-Roux: I would like to say very simply, with all due respect for the honourable senator who cares about the situation of women in the Senate, and rightly so, that he referred to me using the wrong gender in French; he said "mon collègue" instead of "ma collègue".

Senator Corbin: Let's not start splitting hairs. I am very sorry, "ma collègue". What is important here is to keep the gist of my question.

I think no one can accuse me of developing a sudden interest for feminist issues. Women have always interested me. I married one and I have three daughters at home; so I cannot be anything but interested!

[Senator Corbin.]

[*English*]

EUROPEAN ECONOMIC COMMUNITY

VISIT OF OFFICIALS TO CANADA—TOPICS FOR DISCUSSION—REQUEST FOR INFORMATION

Hon. Jack Austin: Honourable senators, I wish to ask a question of the Leader of the Government in the Senate. Is it correct that the British Prime Minister, the Right Honourable John Major, will be visiting Ottawa this week? If that is so, can the leader advise us what the principal topics will be for any discussions arising out of that visit?

• (1430)

Hon. Lowell Murray (Leader of the Government): Honourable senators, Prime Minister Major of the United Kingdom will be here, together with Mr. Jacques Delors of the European Economic Community. The two gentlemen will be representing the EEC. Mr. Major, the British Prime Minister, has assumed the presidency of the commission.

As the honourable senator knows, the presidency of the commission rotates among the countries of the community from time to time. Mr. Major is the current president, and he will be here in that capacity together with Mr. Jacques Delors. I understand that, after they have had meetings here, they will be going on to Washington.

Senator Austin: I appreciate that information. However, it raises interesting questions concerning what is taking place in terms of the economic policy within the European Community. How does that economic policy affect the economy of Canada and the United States? I presume those topics will be raised.

As the Leader of the Government in the Senate knows, Britain has changed its economic policy quite dramatically this fall. It has allowed the pound to float and its interest rates to drop as a matter of deliberate policy. Its economy is beginning to reflate, bringing about a dramatic rise in the stock market.

Will the impact of such policies be the subject of discussion at some time during these meetings?

Senator Murray: Honourable senators, I would expect so, but I have not seen an agenda.

As the honourable senator knows, the U.K. was not the only country to have dropped out of the European exchange mechanism. I think Spain, Portugal, Italy, and perhaps Ireland, have also devalued their currencies within the last little while.

There are some concerns that would be near the top of Canada's agenda in discussions with representatives of the community. They relate to the multilateral trade negotiations, agriculture and, I may underline, the question of fisheries, where Mr. Crosbie and Ambassador Gherson have been working very hard for some time to achieve some satisfactory agreement with the European Community with respect to fishing in and near our waters.

THE ROYAL FAMILY

CHANGE IN STATUS OF HEIR TO THE THRONE—CONSULTATION ON CONSTITUTIONAL PRACTICE—GOVERNMENT POSITION

Hon. Jack Austin: Honourable senators, on a non-economic subject, I would ask the Leader of the Government a question with respect to constitutional practice relating to the Royal Family.

Is the Leader of the Government in a position yet to advise us what is the constitutional practice when a change in the status of the Royal Family, in particular the heir to the throne, is being raised in the British House of Commons? Is there a practice in existence of informing the Governor General and/or the Privy Council of Canada in advance? Is there a practice of consulting us? Do we have any role to play at all?

Hon. Lowell Murray (Leader of the Government): Honourable senators, my friend asked a question along those lines the other day. I am still awaiting the reply from the appropriate sources.

Meanwhile, I can only tell him that it is not the sort of thing that we would want to discuss in front of Mr. Delors.

EUROPEAN ECONOMIC COMMUNITY

AGRICULTURE—CURRENT STATUS OF SUPPLY-MANAGED SECTOR—GOVERNMENT POSITION

Hon. Dan Hays: Honourable senators, I have a supplementary question with respect to Senator Austin's question concerning the agenda items for the discussions with the officials of the European Economic Community.

You mentioned agriculture as one of the agenda items. Do you have anything further to add in terms of the Canadian position with respect to preserving our supply managed sector, as Article XI now permits us to do?

Hon. Lowell Murray (Leader of the Government): I have not much to add, honourable senators. There have been consultations with the provinces most concerned with this issue in the last while. As we speak, there are consultations taking place with Mr. Wilson and probably other ministers and the agricultural industries affected. This will provide a good background for the discussions which the Prime Minister will be having with Mr. Delors.

ORDERS OF THE DAY

[*Translation*]

THE ESTIMATES, 1992-93

REPORT OF NATIONAL FINANCE COMMITTEE ADOPTED

Leave having been given to proceed to reports from committees:

The Senate proceeded to consideration of the Fourteenth Report of the Standing Senate Committee on National Finance, Supplementary Estimates (A) and (B), presented in the Senate on December 14, 1992.

Hon. Roch Bolduc: Honourable senators, Supplementary Estimates (A) and (B) are the first supplementary estimates for the 1992-93 fiscal year, and the Committee on National Finance examined them with its usual care. If you refer to the tables attached to the committee's report, you will find that Supplementary Estimates (A) and (B) together reduce total estimates tabled to date from $161 billion in the 1992-93 Main Estimates to $160.932 billion, a difference of approximately $68 million.

This is due to savings of $1,594.7 million in budgetary statutory expenditures identified in Supplementary Estimates (A), principally from the elimination of family allowance payments and changes, resulting from the passage of Bill C-55, in the funding of Public Service and military pension plans.

At the same time, Supplementary Estimates (A) and (B) request a total of $1,526 million, that is $1,412.9 million budgetary and $113.1 million non-budgetary, to be voted by Parliament. These estimates, spread over 22 departments and 18 departmental agencies, gave your committee a considerable amount of subject matter to examine.

[*English*]

Honourable senators will note that two tables appear for the first time in Supplementary Estimates (A). The first is a list of expenditures in five departments that the President of the Treasury Board has deemed exempt from the *Spending Control Act* on the grounds that they are justified by reasons of good management. That is found on page 19 of the Supplementary Estimates.

The second list contains all the items that received interim funding from Treasury Board Vote 5; that is, government contingencies, along with permanent allocation for paylists and other purposes for the same vote. The interim items total $376.9 million, the amount by which Vote 5 will be reimbursed if the Supplementary Estimates are approved by Parliament. The initial level of Vote 5 was approved as $450 million in the 1992 Main Estimates.

● (1440)

This table has been included by the Treasury Board in response to the National Finance Committee's final report on the 1991-92 Estimates, dated March 24, 1992, which dealt with the use of the government contingencies vote in some detail.

As I am sure honourable senators will agree, it is gratifying that the Treasury Board has taken account of the committee's work by undertaking to provide this helpful information to Parliament. Treasury Board officials are also preparing written responses to a number of questions that they will submit to your committee at a later date. These include a summary, across all departments, of the costs associated with the constitutional negotiations and the October 1992 referendum.

[*Translation*]

I would also like to call the attention of the honourable senators to Chapter 13 of the Report of the Auditor General for 1992 who found inappropriate the procedure followed by the government to account for loan guarantees.

When these loans are approved, they are recognized by the inclusion of $1.00 votes in the Estimates of the relevant departments. Supplementary Estimates (B) contain one such vote (vote 27b) authorizing the Minister of Transport to secure loans of up to $230 million payable to Ridley Terminals Inc., located in the Port of Prince Rupert.

In its explanation of this vote, Treasury Board noted that Ridley Terminals Inc. did not generate enough revenue to fully service its debt of $209.5 million and that it will be short of cash as of December 31, 1992 when it is due to make a debt payment.

The Auditor General mentioned a number of other instances where the government had authorized the provision of loan guarantees for such major and high-risk projects as Hibernia and the Westray Coal Mine. As the honourable senators know, for the Westray guarantee, the government has had to put money where its mouth is. Therefore, the definitive 1992-93 Supplementary Estimates for Industry, Science and Technology will show an expenditure of approximately $80 million to cover 85 per cent of the net loss incurred by the lending bank.

The committee shares the concern of the Auditor General regarding the impact of the major loan guarantee programs and is considering reporting to the Senate on this issue later in the year.

Thank you, honourable senators.

The Hon. the Speaker *pro tempore:* Honourable senators, Senator Bolduc, seconded by the honourable Senator Grimard, moved that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

[*English*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, before the motion is put, there are a number of important political dimensions—as there always are—to the Estimates and the Supplementary Estimates. They have been examined, I take it, with some care in the National Finance committee. Some honourable senators might notice that, for example, our commitments abroad are heavily dependent on these Estimates. Generally speaking, Canadians support these interventions. When I find, for example, that we spend $88,335,000 on United Nations' peacekeeping operations, I am proud of the fact that we do spend that money, but I am also concerned that our neighbour to the south is seriously in arrears in its contributions to the United Nations and continues to be so. Do we raise in the General Assembly the fact that we are one of the better proponents of the United Nations, in the sense that we do pay our bills and that others, including the United States, do not?

[Senator Bolduc.]

I refer, honourable senators, to the pages of yesterday's minutes where the report of the National Finance committee appears. I believe the government's position is that the Supplementary Estimates are essentially a "remaniement" of funds that have been voted, and that they do not significantly increase the deficit or the debt.

That is correct, the chairman tells me. I was not at the National Finance committee meeting, but it is important.

Honourable senators, we have a very busy week ahead of us. I believe we should encourage more debate on reports of the National Finance committee, not necessarily criticism of it, but debate on the questions raised because it is a very important part of our job as parliamentarians. It is a rather busy week in which to raise questions, but I hope that we will not adopt the report quickly just because we may not have anything negative to say about it.

I know of no Estimates that do not have important political dimensions to them. I hope we will not often receive them in the last week before Christmas. There is a tendency for this government and the previous government to bring Estimates along at the last minute and ask Parliament, particularly the Senate, to complete their study of them by a certain time. In such cases, we do not get the chance to play the role we should be playing.

Our adoption of this report means that the Appropriation Bill is accepted. It is based on these reports. We rarely debate an appropriation bill because we have traditionally taken the position in this place that we do not deny the government supply. However, we tend to get to the point of not denying supply and then never talk about the issues that lead to that supply, even though our rules and practices give us plenty of opportunity to do so.

We will not be voting against the adoption of this report, but I hope that this government and the new government—which all Canadians are awaiting with bated breath—will take more time to debate the Estimates than we have done recently, and that the Senate is not again asked to debate the Estimates at the last minute.

Senator Bolduc: Honourable senators—

The Hon. the Speaker *pro tempore*: If the honourable senator speaks now, his speech will have the effect of closing the debate.

[*Translation*]

Senator Bolduc: Honourable senators, I would like to assure the Leader of the Opposition in the Senate that the Opposition senators on the committee—you know we have a new chairman, Senator Olson, who is a seasoned and well experienced parliamentarian; he is the one who presided over the last meetings.

Secondly, I would also like to recognize here the great skills of Senator Stewart, particularly in the area of public finance

and in what I would call the scrutiny of parliamentary controls.

Therefore, I admit no debate took place in this House, but I want to assure the Leader of the Opposition in the Senate that the committee worked very seriously, heard witnesses and, in my view, given the time we had to study the issue, did most of the work, even though I must admit we could still have a debate on that subject right here in the Senate.

Senator Frith: Honourable senators, I believe that explanations should be given to the Senate, even if the bill was examined seriously by the committee.

Report adopted.

[*English*]

APPROPRIATION BILL NO. 3, 1992-93

SECOND READING—DEBATE ADJOURNED

Hon. John Lynch-Staunton moved second reading of Bill C-100, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March 1993.

He said: Honourable senators, the bill before you today, Appropriation Bill No. 3, 1992-93, provides for the release of supply for the whole of Supplementary Estimates (A) and Supplementary Estimates (B) for 1992-93.

Supplementary Estimates (A) total approximately 1.5 billion voted dollars, while the total spending authority identified in this supplementary has the effect of reducing the government's overall forecast spending requirement for fiscal year 1992-93 by $93.7 million.

● (1450)

The major difference represents statutory expenditure reductions of $1.6 million, including a $700-million reduction related to the implementation of legislation concerning the manner in which the government contributes to the various pension plans of employees of the public service, the Canadian Forces, and the Royal Canadian Mounted Police, and a $721-million reduction as a result of the repeal of the Family Allowance Act.

[*Translation*]

The major expenditures for which approval of new votes in the Supplementary Estimates (A) is asked for are as follows: $199 million for the Department of Fisheries and Oceans for grants to fishermen, of which $164 million are for the two-year northern cod moratorium; $164 million for the Department of Industry, Science and Technology for economic assistance; $97 million for Revenue Canada—Customs and Excise for strenthening imports controls at the borders; $88 million for the Department of External Affairs and International Trade for United Nations peacekeeping operations; $87 million for various departments and agencies involved in constitutional negotiations and consultations; $72 million for Agriculture Canada for farmers' assistance; $45 million for the Department of National Health and Welfare and Revenue Canada—Taxation for the implementation of the new child tax benefit.

[*English*]

In addition, Supplementary Estimate B seeks parliamentary authority for $25 million in order that the Canada Ports Corporation may increase its equity holdings at Ridley Terminals Inc. in British Columbia.

There are six $1 votes in Supplementary Estimates A and one $1 vote in Supplementary Estimates B. A listing of these votes containing additional explanations for the two miscellaneous $1 votes in Supplementary Estimates A and the miscellaneous vote in Supplementary Estimates B have been provided to the Standing Senate Committee on National Finance. These estimates were tabled in the Senate on December 1 and were referred immediately to the committee. Treasury Board Secretariat officials appeared before the National Finance committee to answer questions on these estimates on December 3 and again on December 9.

The National Finance committee's report dated December 14 was presented to the Senate on the same day and has just been commented on by its acting chairman, Senator Bolduc.

Hon. Royce Frith (Leader of the Opposition): There is an undertaking you are supposed to give with respect to appropriations, is there not, that says "the numbers are all the same"? It is a conventional or traditional undertaking.

When I was in the position that Senator Lynch-Staunton now occupies, I usually spoke to the appropriation bill. I seem to remember we were always required to give a certain undertaking to the house as a whole about the figures and the fact that the estimates and the amounts listed in the appropriation bill matched. Let us adjourn it until tomorrow, and I will get that. If I am right, I will ask for that undertaking.

Senator Lynch-Staunton: I will look into it.

On motion of Senator Frith, debate adjourned.

IMMIGRATION ACT

BILL TO AMEND—THIRD READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved third reading of Bill C-86, to amend the Immigration Act and other Acts in consequence thereof.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, the Social Affairs Committee tabled its report last night without proposing the slightest change, the smallest improvement, even a single little amendment based on the report of the pre-study of Bill C-86, the report unanimously approved by senators on both sides of the Chamber.

First, let us recall the reasons for which the Liberal members of the committee boycotted the sham that took place instead of public hearings by the Social Affairs Committee. At the very beginning of an organizing meeting of this committee, held on December 8, the Conservative sponsor of Bill

C-86 in the Senate, Senator Di Nino, advised the committee that it would have to complete its work by the following Monday, December 14. His statement showed that the Conservative members of the committee had already agreed to force the bill through the Senate before it adjourned on December 18. That was crystal clear.

Since the bill had been thoroughly changed by the House of Commons committee and several groups wanted to appear before the Senate committee, we were entitled to expect that the Conservatives would give us the time needed for an in-depth review of the bill. Senator Di Nino, with the tacit approval of the chairman, Senator Kinsella, gave us to understand that the guillotine had fallen once again. In practice, the committee held only six hours and twenty minutes of public hearings, excluding the minister's testimony. I think I will repeat that: it was too good to be true! We were promised all the time necessary. The committee held public hearings for all of six hours and twenty minutes. In fact, it was a comedy, a farce, a mockery of the democratic process. Obviously, the government had no intention of holding serious public hearings to look into the immigration bill. The Liberal senators then decided not to take part in this comedy whose only purpose was to give the illusion of a democratic process.

Although it had given this legislation a preliminary study, only on December 8 was the committee presented with a bill that suddenly was fundamentally different, what with the 87 amendments made by the House of Commons.

Common sense and fairness required the committee to examine this new bill thoroughly, but the Conservative members of the committee were opposed.

Furthermore, it was outrageous for the committee to require witnesses to come up with a brief, sometimes on 24 hours' notice. That is not serious!

The Liberal senators therefore boycotted the committee hearings so as not to legitimize a basically flawed process. Any participation would have made us accomplices in this grotesque parody inflicted on Canadians who care about what happens to refugees.

As for the eleventh report of the Social Affairs Committee, the famous unanimous report, and the very valid recommendations that it contains, the report tabled last night by the same committee sets these recommendations aside completely: the Conservative senators caved in and lost face once more. They are resigned to the role of puppets imposed on them by Harvie Andre! It is almost incredible, but the report tabled yesterday contains none, I mean not one, of the recommendations in the pre-study except those which the minister accepted. Can you believe it? Yes, I repeat again that the eleventh report of the Social Affairs Committee was approved unanimously. It therefore reflected the opinion of Liberal and Conservative senators.

The report on the pre-study of Bill C-86 made 14 excellent recommendations and raised 12 other areas of concern. When the House of Commons legislative committee reviewed this

[Senator Hébert.]

legislation, the government accepted two of these recommendations in full, the 7th and 10th. It also accepted the 11th recommendation in part, but only in part. Thus the government rejected outright 11 of the 14 unanimous recommendations of the Senate committee.

Of the 12 concerns raised by the committee, the government accepted five, in whole or in part. So of a grand total of 26 recommendations made and concerns raised by the Social Affairs Committee, the government kept only eight.

Unable to convince the government of the importance of the recommendations in the committee's eleventh report, the Conservative members tried to save face by appending some quite "timid" observations to their final report yesterday. The minister will laugh them off, needless to say, and Bill C-86 will become law in the next few days, if not in the next few hours.

Nevertheless, these observations point out several important issues and serious concerns of the signers. For example, they say:

> The structure chosen by the government to replace the credible basis hearing —

Of someone claiming refugee status —

> — continues to be problematic in the view of many commentators.

It is a rather timid way of saying that, for the majority of the people who discussed this issue, it was an outrage. But instead of suggesting an amendment to remedy this problem, the final report simply states that there is a lack of understanding of the process generally and that —

> — We accept the view of the government, therefore, that to continue a full quasi-judicial process in the circumstances would be unwise.

As you can see, the Conservative senators never hesitate to contradict themselves openly just to agree with the government.

In their final report, the Conservatives acknowledge having some concerns with the proposed provisions concerning the planned hearing structure for refugee claimants. Here is what the final report, tabled yesterday, says, and I quote:

> The initial hearing currently in the law has many procedures and protections which the new legislation moves away from, most notably from independent decision-makers to an administrative decision by an employee of Immigration Canada. We accept the Minister's assertion that the five ineligibility criteria to be applied by the Senior Immigration Officer are objective and do not involve the discretion of the officer —

— say the Conservatives, naturally —

> But criteria can be "objective", in that they rely on facts, but, at the same time the facts in question may be contested.

Again, the final report identifies a serious problem with Bill C-86 without suggesting amendments. Capitulation and admission of powerlessness!

● (1500)

[*English*]

The committee's final report is strewn with suggestions as to how the bill might have been improved. However, there is a strangely conspicuous absence of any amendment which could have corrected its many failings. For instance, the final report notes its concerns pertaining to the return of refugee claimants to a prescribed safe country, most notably the absence of legislative requirement for bilateral or multilateral agreements to be in place with any country to which Canada might return such people. The following, that is, "observation" no. 7, underscores in very clear terms the complete incapacity of Tory senators to be consistent. I quote from their last report, which states:

> We are concerned that the provision in Bill C-86 may imply that Canada approves of unilateral action in these cases, that is returning individuals without agreements in place, and that we are prepared to so act.

[*Translation*]

Honourable senators, as you can see, they agree there is something wrong. They are concerned as is clearly stated in the pre-study report. And they go on with the unconditional surrender mentioned last night.

[*English*]

> We fully support the statement of the Minister, therefore, that the return of claimants pursuant to agreements is Canada's preferred arrangement—

[*Translation*]

That is what Canadians prefer; according to the Conservatives.

[*English*]

> — and we urge the government to maintain this position in the future. In taking this view, we remind the government of its own terminology in Bill C-86 which speaks in proposed section 108.1 of 'sharing the responsibility for examining refugee claims.' Sharing is not something that may be compelled; we do not feel that claimants should be returned to a country for the determination of a refugee claim without first obtaining the country's consent. We are aware that this could be done on a case by case basis, but the bill would not require it, as the current law does.

Instead of "urging" and "reminding" the government, I suggest the preferred course would have been to table an amendment to address this problem. That is only one example among many. I fail to see how Conservative members can criticize such a point without taking the necessary action and bringing their comments to their logical conclusion.

The conclusion of the "observations" attached to the report of the social affairs committee is striking: It is a veiled admission of defeat before the political whims of Harvey Andre. In fact, Conservative senators admit in the conclusion that the 24 "observations" which precede it may indicate that the committee is opposed to Bill C-86 generally, as it should. However, and I quote this historical conclusion, they "wish to state emphatically that this is not the case." Of course they are not opposed to anything that is asked of them, although they were opposed to some very important issues in the first report.

Moreover, they paper over the obvious cracks in the bill —which they have just finished outlining—by saying that Canada is a country under the rule of law, and that:

> When you add to that the participation of the dedicated and knowledgeable members of the many refugee advocacy groups who serve as watchdogs on the system, we are confident that, under Bill C-86, our ability to say "yes" to those who need and deserve Canada's protection will continue unimpaired.

In other words, trust the minister. He will listen to all these good people who take care of refugees. They do not want to listen to them during public hearings, but case by case they will ask these nice people in a church group, who are interested in refugees, what they think of it. I do not think that is good enough. It should be included in the law what the minister and his department can do.

As the old saying goes, "The road to hell is paved with good intentions." As for good intentions, I have no doubt that Conservative senators were moved by them. However, in practical terms, what they have served us is mere gibberish, an apology for trying to justify their inability to change one single iota of a bill which remains, on the whole, unacceptable to most parties involved. Faced with the numerous challenges of immigrants and refugees, the Conservative government could do no better than Bill C-86.

What is truly astounding, however, is that its very own senators were forced to eat their words and try to save face with the ridiculous apology which they served us in the form of their "observations." The result: The good work done in the pre-study by the Standing Senate Committee on Social Affairs, Science and Technology was all but ignored.

As I mentioned during my speech at second reading, we of the Liberal Party believe, on balance, the entire package to be unacceptable for the following reasons: It will make it more difficult for law-abiding, hard-working immigrants and refugees to enter Canada; it will put barriers in the way of legitimate refugees; it will open the door to inequity and capriciousness in the selection of immigrants and refugees; it suspends traditional legal safeguards, allows deportations without hearings, suspends rights through retroactive provisions, et cetera. The bill also emphasizes enforcement instead of fairness and humanitarian values.

Finally, I hope that Conservative senators will realize the error of their ways, see the light, and vote with our party in support of the amendments which we will propose.

I would like to move the following amendments:

That Clause 2 be amended by striking out line 28, on page 5, and substituting the following therefor:

"scribed in paragraph 19(1)(c.1),(d)"

That Clause 2 be amended by striking out line 29, on page 5, and substituting the following therefor:

"(e), (f), (g), (j), or (1) or a person who"

That Clause 4 be amended by striking out lines 36 to 43, on page 15.

That Clause 11 be amended:

a) by striking out line 23, on page 22, and substituting the following therefor:

"by adding the word 'or' at the end of paragraph (j) thereof and by adding the following paragraph", and

b) by striking out lines 24 to 27.

I can explain these amendments in one sentence. These amendments are the unanimous recommendations of our own committee. The bill proposes a broad list of persons who can be deported. This includes those who are a "security" risk, although "security" is not defined in the bill. All of these amendments would clearly define that a claimant could stay in Canada, except where the person is a criminal or terrorist and, in effect, eliminate the "security" clause.

The government's response is that it must deal with organized crime and that, just as it is hard to define those we want to allow in, it is hard to define all those we want to keep out. Therefore, they include the "security" clause in the bill as a catch-all.

I propose:

That Clause 11 be amended by striking out lines 38 to 46 on page 19,

That Clause 11 be amended by striking out lines 1 to 9 on page 23,

That Clause 16 be amended by striking out line 11 on page 28, and substituting the following therefor:

"described in paragraph 19(1) (d),"

That Clause 16 be amended by striking out line 12, on page 28, and substituting the following therefor:

"(e), (f), (g) or (1),"

The purpose for this is that it is reasonable to render people inadmissible to Canada if there are reasonable grounds to believe that they have been convicted in Canada of what would constitute an offence. Bill C-86 proposes to render inadmissible those who have committed acts or omissions outside Canada which, if committed in Canada, would constitute an offence. These amendments deal with sections which say "have committed outside Canada an act or omission" and leave it simply "have committed outside Canada an offence". Thus, if an offence has been committed outside Canada, people would be inadmissible.

[Senator Hébert.]

I move:

That Clause 11 be amended by striking out lines 21 to 28, on page 21, and substituting the following therefor:

"Canada of any indictable offence that may be punishable under any Act of Parliament by a maximum term of imprisonment of less than ten years,"

The purpose of this amendment is to eliminate summary offences as grounds of inadmissibility to Canada.

I move:

That Clause 11 be amended by striking out lines 8 to 25 on page 20.

The proposed section 19 (1)(C.2) seems to be an attempt to bar those associated with organized crime from entering the country. However, it is very broad. People who have been, at one time or another, affiliated with an organization which had been convicted of an offence, would be included in this category.

I move:

That Clause 12 be amended by striking out lines 41 and 42, on page 23, and substituting the following therefor:

"come into Canada a person who is residing or sojourning in the United States, the officer may,"

I move:

That Clause 13 be amended by striking out line 22, on page 26, and substituting the following therefor:

"person who is residing or sojourning in the United States"

Bill C-86 proposes to refuse a claimant at the border for the simple reason that the claimant had passed through the United States, even if they did not live there. This is considered to be extreme. These amendments all propose to eliminate this requirement.

I move:

That Bill C-86 be amended in Clause 36 by striking out line 6 at page 47 and substituting the following therefor:

"be returned and where the person can remain, unless the person satisfies the Refugee Division that the person has a well-founded fear of persecution for reasons of race, religion, nationality, membership in a particular social group or political opinion in the country that recognized the person as a convention refugee;"

[*Translation*]

That Bill C-86 be amended in Clause 36 by striking out line 6 at page 47 and substituting the following therefor:

be returned and where the person can remain, unless the person satisfies the Refugee Division that the person has a well-founded fear of persecution for reasons of

race, religion, nationality, membership in a particular social group or political opinion in a country that recognize the person as a Convention refugee;

Obviously, this amendment concerns claimants recognized as Convention refugees elsewhere who claim to fear persecution in that country. This amendment would make them eligible to enter the Canadian determination system.

This was recommendation No. 5 of the prestudy and report we unanimously endorsed.

That Bill C-86 be amended in Clause 36 by adding immediately after line 19, at page 48, the following:

(c) there must be a bilateral or multilateral agreement specifying that the country to which a person may be returned is responsible for examining the person's refugee claim and guaranteeing the admissibility of such persons recognized as refugees.

This amendment would ensure that the existence of bilateral or multilateral agreements specifying which state is responsible for examining a refugee claim and guaranteeing the admissibility of persons to be returned should be a pre-condition to any safe—or supposedly safe—country return policy.

That Bill C-86 be amended in Clause 37 by adding immediately after line 38, at page 48, the following:

(2) Where a senior immigration officer determines that a person is not eligible to have a claim determined by the Refugee Division, the decision of the senior immigration officer on the eligibility of a claim shall be referred for review to the Refugee Division.

(3) Where a decision of a senior immigration officer has been referred to the Refugee Division pursuant to subsection (2), the Refugee Division shall review the senior immigration officer's decision in a summary hearing and either confirm or reverse that decision.

According to the present system, questions of eligibility are decided jointly by an adjudicator and a Refugee Division member in the context of an inquiry, at which the individual concerned has a right to counsel. Bill C-86 proposes that eligibility be determined administratively by a senior immigration officer, without a right of counsel.

This amendment would allow cases in which a person is not eligible to make a claim to refugee status, in the view of a senior immigration officer, to be referred to the Immigration Refugee Board for a determination of eligibility.

Of course, this amendment reflects the first recommendation of the prestudy report, that marvellous unanimous report. In fact, if they accepted these amendments so far, all Conservative senators should be perfectly safe, because they would just be repeating what they clearly said in the pre-study report.

[*English*]

I move:

That Clause 41 be amended by striking out lines 33 to 38 on page 53, and substituting the following therefor:

"Court-Trial Division, or signifies in"

That Clause 73 be amended by striking out lines 43 to 44 on page 81 and lines 1 to 3 on page 82, and substituting the following therefor:

"peal with leave of a judge of that Court on any question of law, including a question of jurisdiction.

(1.1) An application for leave to appeal under this section shall be filed with the Federal Court of Appeal within fifteen days after the day on which the decision being appealed is pronounced.

(1.2) Where leave to appeal under this section is granted, the appeal shall be commenced within fifteen days after the day on which the decision being appealed is pronounced."

Bill C-86 proposes that appeals of decisions of the Trial Division of the Federal Court on judicial review could go forward to the Court of Appeal only if the judge rendering the decision certified that a serious question of general importance was involved. A judge of the Court of Appeal should be able to allow an appeal to the Court of Appeal, not the judge who rendered the decision being appealed. It is inappropriate that a judge would certify that a part of his or her judgment should be subject to appeal.

The first amendment would remove the requirement of certification, while the second amendment would add a different means to achieve appeal, namely, by leave to appeal.

I move:

That Bill C-86 be amended in Clause 60

(a) by striking out line 35 at page 70 and substituting the following therefor:

"(10) In the"; and

(b) by striking out lines 40 to 46 at page 70 and lines 1 to 17 on page 71

[*Translation*]

That Bill C-86 be amended in Clause 60

(a) by striking out line 35 at page 70 and substituting the following therefor:

(10) In the; and

(b) by striking out lines 40 to 46 at page 70 and lines 1 to 17 on page 71

Bill C-86 would provide that, in certain circumstances, both Refugee Division members would have to approve a claim before it could be accepted. In other words, refugee claim could be rejected in the case of a split decision. This is in contrast to the present situation where, in all cases, only one member's acceptance is sufficient.

This amendment would eliminate provisions that would allow for the rejection of a refugee claim in the event of a split decision on the claim by the Refugee Division.

All senators who signed the report will remember this was recommendation No. 8 in our famous unanimous report.

> That Bill C-86 be amended in Clause 102 by striking out lines 32 and 33 at page 110 and substituting the following therefor:
>
> countries that have acceded and complied with the Convention relating to the Status of Refugees and have a refugee determination system that complies with Canadian principles of fundamental justice;

This amendment would ensure that all countries to be prescribed as countries to which refugee claimants could be returned must agree to determine the claims of individuals returned to them on their merits, and must have refugee determination systems that comply with Canadian principles of fundamental justice.

This reflects, in amendment form, recommendation No. 4 of that perfect report on the prestudy which we all signed.

> That Bill C-86 be amended in Clause 102 by striking out line 37 at page 111 and substituting the following therefor:
>
> and occupation, which terms and conditions shall be imposed for a period not exceeding two years;

The purpose of this amendment is of course to put a time limit on terms imposed as a condition of landing of a permanent resident relating to occupation and place of residence.

This was the twelfth recommendation of our unanimous prestudy.

[*English*]

I move:

> That Clause 102 be amended by striking out lines 3 to 47, on page 114, and lines 1 to 10, on page 115.

This amendment would strike out all the provisions in the bill which allow retroactivity in the selection of immigrants. The simple word "retroactivity" makes most of us shudder.

[*Translation*]

Honourable senators, these are amendments which reflect exactly, may I underline, the unanimous recommendations of the committee which conducted the pre-study of this bill. I cannot imagine that those who signed the report et joined in this unanimous decision could vote against any of these amendments. Thank you, honourable senators.

[*English*]

The Hon. the Speaker *pro tempore:* Honourable senators, it has been moved by the Honourable Senator Hébert, seconded by the Honourable Senator Grafstein:

[Senator Hébert.]

> That Clause 2 be amended by striking out line 28, on page 5, and substituting the following therefor —

Senator Hébert: Dispense.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore:* Will those honourable senators who are in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore:* Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore:* In my opinion, the "nays" have it.

And two honourable senators having risen:

Senator Hébert: We did not agree on the length of time for the bell to ring.

Senator Lynch-Staunton: May we have 20 minutes?

Senator Murray: Honourable senators, do I assume that we are being called upon to take one standing vote on all the amendments proposed by Senator Hébert?

Senator Frith: Just on the amendments.

Senator Lynch-Staunton: We are voting on the amendments?

The Hon. the Speaker *pro tempore:* My understanding is that it is agreed that the vote will be taken at 3.45.

Please call in the senators.

• (1645)

The Hon. the Speaker: Honourable senators, it was moved by the honourable Senator Lynch-Staunton, seconded by Senator Beaudoin, that Bill C-86 be read the third time.

There was a motion in amendment by Senator Hébert, seconded by Senator Grafstein, that clause 2 be amended by striking out line 28 on page 5 and substituting the following therefore —

Some Hon. Senators: Dispense.

Motions in amendment negatived on the following division.

YEAS

THE HONOURABLE SENATORS

Adams	Kirby
Austin	Lewis
Bonnell	MacEachen
Bosa	Marchand
Cools	Molgat
Corbin	Perrault
De Bané	Petten
Fairbairn	Riel
Frith	Rizzuto
Gigantès	Robichaud
Grafstein	Sparrow
Hastings	Stollery
Hays	Thériault
Hébert	Watt—28

NAYS

THE HONOURABLE SENATORS

Atkins	Kinsella
Balfour	Lavoie-Roux
Barootes	Lynch-Staunton
Beaudoin	MacDonald (*Halifax*)
Beaulieu	Macquarrie
Berntson	Marshall
Bolduc	Meighen
Carney	Murray
Chaput-Rolland	Nurgitz
Cochrane	Oliver
Cogger	Ottenheimer
Comeau	Phillips
Di Nino	Poitras
Doody	Robertson
Doyle	Ross
Everett	Rossiter
Forrestall	Simard
Grimard	Spivak
Kelleher	Sylvain—39
Keon	

ABSTENTIONS

THE HONOURABLE SENATORS

NIL

The Hon. the Speaker: I declare the motion in amendment lost.

Honourable senators, it is moved by the honourable Senator Lynch-Staunton, seconded by the honourable Senator Beaudoin, that Bill C-86 be read the third time now.

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

● (1540)

Hon. M. Lorne Bonnell: Honourable senators, since the amendments did not carry, I suspect that we are back on the original motion.

I feel sad today. I think that the Canadian people are also sad today to think that our Standing Senate Committee on Social Affairs, Science and Technology spent a lot of time on the pre-study of this bill. The government has always asked for pre-study on bills. The committee brought in a report with all these amendments, but when the members on the other side were told by the leadership which way to vote, they all voted against the recommendations they agreed to in the committee during the pre-study and against the recommendations that the whole Senate agreed to.

This is a disgusting piece of legislation and a disgusting piece of parliamentarian work, especially of the committee. I thought our chairman was a fair man, but I see now that he is just like the rest of them; not unbiased at all. In fact, he is very biased against the immigrants to this country and the refugees.

It is a sad day for all Canadians and those hoping to make our fine country their home. One could argue every day that it is a sad day for Canadians, since this government continues to govern without a clear mandate from the people of Canada. Once again, honourable senators, as they have done so many times in the last eight years, this government has placed before us a horrendous piece of legislation that would fundamentally change our treatment of immigrants and acceptance of refugees. Once again the debate has been blocked by the government. The witnesses who have appeared before us—and the people of Canada—have been told that their opinions do not matter.

I ask you, honourable senators: Is it not our responsibility to represent the people of Canada? Why have we been limited in our examination of this very important bill? Why was it the intention of this government to ram this critical piece of legislation through Parliament? Is the government afraid of a comprehensive analysis of the bill, or is it afraid that the people of Canada would discover their hidden agenda?

I am concerned about this government's use of scare tactics to try to sell their agenda. First, by reviewing adequately a piece of legislation; second, by allowing all those wishing to express their opinion on proposed changes or those simply wishing to provide the committee with valuable information to actually appear before the committee; and third, by being able to propose well-meaning amendments to the bill, is considered by this government as a stalling tactic, then I am guilty as charged.

However, I have a very different perspective of the issue. I apologize to all those organizations who were unable to appear before the committee. I only hope they realize the charade that has been played by my honourable colleagues on the other side of the chamber.

Senator Perrault: Cynical; disgusting!

Senator Bonnell: Substantive amendments should have been proposed and accepted by the government. I do not accept the minister's response to our pre-study report, nor do I accept his explanation for not making more amendments to this bill.

We are talking about a seriously-flawed bill, described by the Canadian Labour Congress as one that "will make Canada a less caring, less compassionate and less responsible member of the international community."

Until 1947, Canada historically had what one could call an immigration policy. Immigration and refugee issues were dealt with in a similar fashion. Yet the postwar change in immigration policy was revealed in a speech by Prime Minister MacKenzie King on May 1, 1947, when he announced, for the first time, that immigration policy would "take account of the urgent problems of the resettlement of persons who are displaced and homeless."

The Soviet reoccupation of Hungary in 1956 changed how Canada would observe refugee proceedings and those of normal immigrants. Over 30,000 Hungarians, in less than a span of 10 months, arrived in Canada. Government and non-government agencies helped them find living accommodations and employment. In addition, they were helped with integration into Canadian society.

Refugee matters need to be handled in a very humanitarian and compassionate fashion. These refugees cannot return to their homelands for fear of danger to themselves or their families. They need a unique and responsive determination system. Most of my comments will concentrate on the issues of refugee determination.

The 1951 United Nations Convention relating to the status of refugees, defines a refugee as person who:

> . . . owing to well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable, or owing to such fear, is unwilling to avail himself of the protection of that country.

There are currently 17 to 18 million people worldwide considered to be refugees.

Bill C-86 lacks the caring and fairness needed to be considered good immigration and refugee policy.

As stated by the Refugee Lawyers Association, in their brief written July 30, 1992:

> The primary concern of the Refugee Lawyers Association is the manner in which the provisions of Bill C-86 arbitrarily deny genuine refugees access to the refugee determination process, to due process, and punish genuine refugees for actions perfectly consistent with genuine refugee behaviour.

[Senator Bonnell.]

Where have we gone wrong? Where has the compassion and the understanding gone? In 1990, the government's statutory Annual Report to Parliament incorporated a five-year immigration plan which included a refugee component. The current Annual Report to Parliament, tabled December 1992, confirms that the admission of government-assisted refugees and members of designated classes selected abroad for 1991 was 7,678 persons. Privately sponsored refugees and members of designated classes selected abroad numbered 17,368.

Since January 1989, just over 10,000 refugees have landed in Canada. The number of immigrants and refugees permitted into the country in 1991 was 206,417. I ask you, honourable senators: Is Canada doing their fair share?

The number of persons in the world considered to be refugees has steadily increased in the last ten years. As we watch the continued unrest in so many countries around the world, Canada must prepare for the future. Many of the world's current refugees now originate in the Third World. They do not necessarily fit the Convention's implied, individualized approach to persecution.

Our immigration and refugee system needs to be flexible. We need an adaptable determination process. I agree that we cannot open our doors and we need controls, but unfortunately Bill C-86 is based on the notion of enforcement rather than equity and fairness.

Honourable senators, these amendments to the *Immigration Act* will severely harm the many genuine refugees that land at our borders fleeing prosecution and oppression from other governments. Canada needs a sound immigration and refugee policy if we are to handle the ever-growing needs of individuals around the world.

On Friday, December 4, 1992, the Minister of Employment and Immigration tabled immigration levels for 1993. The total number of immigrants to be accepted next year is 250,000, the highest per capita immigration rate in the world. We should be very proud of this. But while we meet with the highest in the world, it still does not mean that we are doing enough. While the overall number remains unchanged, there have been serious changes made for different categories.

The number of refugees to be accepted in 1993 dropped from 58,000 to 44,000. The biggest reduction in the minister's plan is refugees sponsored by private organizations, which will drop from 20,000 to 9,000. Furthermore, government-assisted refugees have been revised from 13,000 down 10,000. Are you surprised by this announcement, honourable senators? I am not the least bit surprised. I am disappointed. The government has once again favoured the advantaged over the disadvantaged.

Senator Perrault: As always.

Senator Bonnell: The number of business immigrants, including their families, will increase from 26,000 to 30,000.

In the remaining time left to me, let me turn your attention to the bill itself. Bill C-86 represents the most extensive

amendments to our immigration laws since 1976-77. It is a bill of 126 clauses, comprised of 113 pages. However, I believe that many of the proposed amendments will make it more difficult for hard working immigrants and legitimate refugees to enter Canada.

• (1550)

But do not take my word for it, honourable senators. Along with many groups and individuals, I am afraid of the consequences of this bill. I ask you to listen to the many comments made by witnesses appearing before our committee in pre-study and the committee at the other place. Unfortunately, this government has paid no attention to the many necessary amendments brought forward by these various individuals and organizations that deal with immigration and refugees every day.

As honourable senators are aware, the Standing Senate Committee on Social Affairs, Science and Technology conducted a pre-study of the bill over the summer. Witnesses were heard and the committee issued a report outlining concerns and recommendations for amendments. Unfortunately, this pre-study was a futile exercise. Our report, while unanimous, had little effect on the present bill before us. The government paid little attention. It must be distressing to be an honourable senator on the other side of this chamber. I hoped they would have joined with us in this chamber today to endorse these amendments, but they did not.

Not having as much time as I would like to cover all aspects of this bill, I wish to comment on a few provisions included in this bill which I believe will significantly change our Immigration Act.

I wish to start with the new powers that have been granted to the Senior Immigration Officer. As pointed out in our pre-study, and I will quote from the report:

> We agree with the many witnesses who recommended that eligibility decisions should be made by the Immigration Review Board as a preliminary matter. We see no reason to require the IRB to make a determination on eligibility in every case, however. It would seem a practical solution to permit a Senior Immigration Officer to determine that a person is eligible to make a claim, but to leave decisions of ineligibility to the Board.

I ask you, honourable senators, does this not sound like a reasonable solution if we are going to place such powers with one senior officer? Yet the government chose not to accept our recommendations. The minister, in his presentation before the committee, stated:

> It would not be an effective use of resources to refer straight forward decisions of eligibility to a quasi-judicial tribunal as this Committee has suggested.

Honourable senators, we believe that the minister has misunderstood our intentions. Of course, straightforward cases should proceed without delay, but for those cases of ineligibility or difficult cases, I continue to agree with our committee's pre-study. Gone is the refugee's right to an attorney and her right to a hearing. Is this justice, honourable senators? There are many cloudy areas where an applicant should have the right to explain and plead her case before a decision-making body.

Second, honourable senators, I would like to address the issue of the split decision and the elimination of the benefit of the doubt. Bill C-86 provides that, in certain circumstances, both Refugee Division members would have to approve a claim before it could be accepted. This provision strikes at the heart of the notion of "benefit of the doubt". I do not accept the minister's rationale for this provision. As stated by the Inter-church Committee for Refugees in their brief of September 3, 1992:

> The question which needs to be asked is whether or not the loss of the benefit of doubt, which is proposed, is a reasonable limitation, or if it effectively weakens Canada's obligation to protect persons in need, one of the fundamental goals the Immigration Act itself. We hold the latter to be the case . . . What this new amendment does is reduce protection to less than fairness or justice requires, especially when there is no appeal. Imagine the consequences—a person who has convinced one of the two expert panel members that he\she is a refugee may be returned to the country of persecution — with no rights to even a review on the merits. The consequences could well be arrest, torture or death. The passing of this section would undermine one of the principal positive features of the Canadian system.

The Hon. the Speaker: According to the rules, your time has expired, senator. Is there unanimous agreement, honourable senators, to allow the senator to continue?

Hon. Senators: Agreed.

Senator Bonnell: Thank you, honourable senators. I am glad to know that you are finally getting the Christmas spirit. I only wish it had arrived earlier.

I ask you, honourable senators, is this fair? I feel as though the government has taken all compassion and understanding out of our refugee-determination process.

I wish now to draw your attention to the issue of restricting persons with disabilities from immigrating to Canada. The Canada Association of Community Living, a national advocacy group which works with and on behalf of disabled people, stated in its brief:

> The Immigration Act has long been a source of concern for members because it restricts people with disabilities from immigration to Canada. It also impacts on families who have a member with a disability by restricting those families from entry to the country, by asking those families to leave the disabled member behind, or by impeding the reunification of the families who are already in Canada and who wish to bring their disabled member to Canada. This is a clear violation of the rights guaranteed

> by the Charter of Rights and Freedoms. Bill C-86 provided an opportunity to address past discriminatory practise and yet failed to remove the discriminatory policies which underlie the present legislation.

Honourable senators, even with the amendments to section 19(1) which remove references to "disease, "disorders" and "disability", the term "excessive demand" in reference to health or social services, could exclude persons with disabilities. This is intolerable. Families should not be separated because a child or a parent or a sibling has a disability. The international community considers Canada to be a caring nation. It is time our actions fulfilled our commitments to the protection of human rights.

It is predicted that the population of the world will increase by 3 billion people in the next 30 years. War, drought, hunger and all types of conflict have led to millions of refugees throughout the world. I ask you to imagine the repercussions on all countries in the world. Canada must be ready and willing to respond to those in need.

As has been said so many times before, Canada is a country made up of immigrants and refugees. We, on this side of the chamber, recognize the important and continuing contribution that is made to our great country by people from all regions around the world. I think it is time this government recognizes their contributions.

I will be voting against Bill C-86, honourable senators, and I hope that you will join me in stopping this extremely harmful piece of legislation. Only then will we be able to go back to the drawing board; only then will we be able to right the wrongs contained in this bill.

Some Hon. Senators: Hear, hear!

Hon. Efstathios William Barootes: Would Senator Bonnell undertake to accept a question?

Senator Bonnell: I am always prepared to accept a question from a representative of the great province of Saskatchewan.

Senator Barootes: I wish, first of all, to congratulate Senator Bonnell on his acknowledgement of the present regime's attention to immigration which, as you know from recent reports, is the best in the Western World, rising last year to 224,000. In the first year of Diefenbaker's reign, it was 282,000. Those are the two high marks.

You were good enough to touch upon, with some pride, the immigration policy undertaken in 1947 by the Rt. Hon. William Lyon Mackenzie King, our Prime Minister at that time. My question is this: At that time, William Lyon Mackenzie King mentioned that he was doing this to alleviate the problems of refugees and displaced persons in Europe. Under that policy, can you tell me how many Jewish refugees he admitted to this country in 1939 and in the period in which he undertook this new policy?

[Senator Bonnell.]

• (1600)

Senator Bonnell: I was not here then and do not remember those days, but I know any Liberal government would not ask them what church they attended or what beliefs they had. They were all invited to come here.

Senator Barootes: I would point out to you that his answer about Jewish refugees in 1939, when a boatload arrived here, was that "none is too many".

An Hon. Senator: So that supports this bill? What happened in 1939 supports this bill?

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I had wished to adjourn the debate on third reading of C-86. I am not going to do so because I know that the government has been very forthright in its intentions. It wants this bill, and, if it needs to put on time allocation, it will.

I do not know of any other senators on our side who want to speak on this bill, or who are ready to speak on it. Nevertheless, I cannot see that anything would be advanced. The government's position has not been hidden. They are adamantly determined to pass this legislation with virtually no hearings in the Senate. It would be a useless exercise for me to adjourn the debate and then either have the adjournment refused or have closure imposed. I therefore do not think I should take any time of the Senate. We know what the outcome will be.

We proposed amendments that were exactly the same as those supported by members on the other side when they were in committee, and at that time they stood and voted against their own position in the committee. The government will bring this bill forward and have it passed, no matter what happens.

I must say members of the committee brought forward a very good report and had their amendments proposed in the other place, and the government turned them down. When the amendments were put to them here today and they turned down their own amendments, I was reminded of Groucho Marx's famous saying:

> Those are my principles. If you do not like them, I have others.

Apparently, we find that they do have others.

I will not adjourn the debate. Unless some other senator wishes to do so, we might as well get it over with because we know what the government is about to do.

Hon. Noel A. Kinsella: Honourable senators, as I indicated at our treatment of the bill at second reading, I wanted to attend the completion of the work of the Social Affairs committee dealing with the bill to express some remarks in this chamber.

Along with colleagues on both sides of this chamber, I felt proud that the pre-study of the committee resulted in a well-

received report in the nongovernmental community and the legislative committee. It was the inspiration for some amendments to the bill in the other place.

I also commend to all members of the chamber the address which the minister gave to the committee as we met to study this bill last Wednesday, because he draws from our pre-study report and clearly illustrates that he was listening to what the Senate was saying. He made changes only because of the study we produced.

Last Tuesday, because of the problems the representative of the United Nations High Commissioner for Refugees had, forcing him to return to Geneva on Wednesday, our steering committee agreed that should the full committee adopt our list of witnesses—and the High Commissioner was on that list—we would hear from him.

All senators should take note of what the United Nations High Commissioner for Refugees had to say about this bill. He was asked explicitly how he reads this bill in terms of the standards in international law of refugees. He clearly said that Bill C-86 totally conforms with the principles of international law relating to refugees.

The thirteenth report of the committee on this bill built upon the work we did in the pre-study. We focused on those areas where the government did not bring forward amendments. An area of concern to us was the role of the senior immigration officer. We were able to extract a commitment from the minister to undertake a process of training and selection of those officers. Many other areas such as that are contained in our report, some alluded to by our colleague Senator Hébert.

I compliment the many hard-working members of this chamber who have come to grips with the complex issues found in Bill C-86. As chair of the committee that reviewed the bill, I know many members of this chamber devoted considerable time and effort into making this legislation a valuable instrument for meeting Canada's immigration challenges in the years ahead. The work of all senators who responsibly laboured to improve Bill C-86 has helped make this bill effective and fair. It has helped us put forward an immigration policy that protects the interests of Canadians and meets our international commitments, confirmed by the representative of the United Nations High Commission for Refugees.

When Bill C-86 receives final approval, Canada's immigration and refugee programs will be better served than ever before. As stated throughout this inquiry and discussion and debate, the legislation allows us to realize three important goals. It gives us the means to improve our selection process, to better protect Canadians from criminal and security risks, and a more streamlined and less cumbersome refugee-determination system that can quickly respond to the situations at hand. These objectives are hardly trivial. They are critical objectives that must be reached if we are ever to effectively administer the program in the interests of all of our peoples.

First of all, Bill C-86 allows us to improve our selection process. We will now be able to better choose the immigrants who come to Canada to make this country their permanent home. For example, spouses will get a commitment to faster processing. The number of immigrants selected because of job skills will be better targeted.

Second, Bill C-86 gives us the tools to better protect Canadians from criminal and security risks. These are the people who undermine the integrity of our immigration system and erode public confidence in our efforts.

Third, Bill C-86 streamlines the refugee-determination system. Under its provisions, genuine refugees will be granted a safe haven quickly. What is also critical is that everyone who claims refugee status will receive fair and balanced treatment.

These are important instruments our country needs to ensure that immigration to Canada is fair, balanced, and to the benefit of newcomers and Canadians alike. In other words, these are the tools we need to manage our immigration and refugee system properly and maintain the support and confidence of the Canadian people.

• (1410)

Bill C-86 maintains Canada's commitment to the three larger goals that serve as the foundation of our entire system. These include the reunification of families, the protection of refugees, and programs which support Canadian economic growth.

I would like to remind this chamber of the observations of the Minister of Employment and Immigration who spoke to the legislative committee studying Bill C-86 on October 29 of this year. The themes of the minister were reiterated when he met with the Senate committee on December 9 to explain the government's response to our committee's report.

The minister praised the Senate committee for its thoughtful deliberations. He stated that he had taken note of our concerns about the legislation and specifically addressed certain matters raised in our report. Furthermore, the minister announced he was prepared to meet our concerns by introducing a number of amendments to Bill C-86.

The minister was telling us as parliamentarians that he had listened to our arguments and was prepared to adjust the bill to meet our concerns. I believe the minister has responded to our report in a responsible and cooperative manner. I am happy to state that, in my view, the legislation better serves Canada and Canadians because of the collaborative way in which all members of this chamber have approached the bill.

For example, concerns were expressed over mobility restrictions on immigrants. Some immigrants will be accepted into Canada because they agree to settle in particular areas of the country. Concerns were raised about the nature of these mobility restrictions. The minister agreed to accommodate those concerns with an amendment. This amendment allows people to apply for a variance of the terms and conditions on which they were granted landed status, including geographic mobility.

Another amendment was granted with respect to medical inadmissibility provisions. Now a medical officer is limited to

certifying an individual as a danger to public safety if that medical officer has specific "medical reasons" for arriving at that conclusion. The argument had been raised that a medical officer could declare someone a danger to public safety for something other than medical grounds.

The minister also pointed out that he was aware of concerns expressed by some members over possible changes to the yearly immigration plan, proposed in the bill. He supported changes to the bill that would require the federal government to announce changes to the immigration plan within a specific time period.

Other amendments to Bill C-86 have been introduced to meet the concerns of members of this chamber and the other place. Sensitive information received from a foreign government and used to deny an applicant entry to Canada is now given protection.

Clarifications have also been made to the provisions that define criminal acts or omissions. Following our Senate committee's recommendation, persons are ruled inadmissible under the bill only when their acts or omissions are crimes both in Canada and the country where they are committed.

I was particularly gratified that the minister addressed an issue I raised about fraudulent documents. The minister noted my concern that section 95.1 of the Immigration Act precluded prosecution of refugees who used fraudulent documents to enter Canada under the act. However, it did not protect them from prosecution under the Criminal Code. The minister proposed to amend the act to meet the concern I raised.

As a result of this amendment, it will no longer be possible to prosecute successful refugee claimants under the Immigration Act or under the Criminal Code for the use of fraudulent documents.

I would suggest to honourable senators that the federal government has responded in a fair manner to the report of the committee on Bill C-86. In fact, as I have already shown, the government has put forward amendments to the bill that take into account recommended improvements by this chamber, as well as by others. When the government has rejected proposed amendments, it has provided reasoned analysis for its decisions.

It is clear that Canada needs a revised Immigration Act that corresponds to the needs of our times. It is also clear that our immigration and refugee programs need the reforms found in Bill C-86 and that we need them because our current system has become strained by the many pressures put upon it.

This government has understood the importance of constructive and open examination of the methods, processes and criteria we use to select and bring people to Canada. The discussions, public hearings, and reviews of the proposals that led to Bill C-86 were widespread and embraced all forms of opinion. I believe that because Bill C-86 is the result of an

[Senator Kinsella.]

open process—open to amendment and sensitive to the concerns of Canadians—this bill enjoys the support of fair-minded Canadians.

I would further suggest to honourable senators that the pragmatic changes I described and now included in Bill C-86, will maintain the confidence of Canadians in our immigration and refugee system.

Bill C-86 makes it easier for families settled here to reunite with their loved ones. Bill C-86 makes it easier for us to provide shelter to those fleeing persecution and makes it easier to prevent illegal entry into our country.

Bill C-86 does many others things. It encourages immigrants with needed skills to settle in Canada. It directs some people with specific skills to areas of the country where their skills are needed the most. In other words, Bill C-86 ensures that our immigration program continues to fulfil its time-honoured role as a contributor to national growth and prosperity.

This legislation is, above all, pragmatic. The changes presented in Bill C-86 are designed to maintain the confidence of Canadians in our immigration and refugee system. They are designed to bring our system into the next decade and equip our system to handle its demands with confidence and efficiency. That is why, honourable senators, I support the provisions of Bill C-86. The government has put forward a good bill, improved with the amendments, many of which our committee recommended.

Finally, in those areas where amendments were not made, a careful reading of the report which we tabled yesterday will demonstrate that administrative undertakings will be set in place to meet our concerns.

[*Translation*]

Senator Hébert: There are quite a few questions I would like to ask Senator Kinsella but since I know what his answers will be, I would rather not waste the time of the Senate.

However, I will ask him one question. To extol the virtues of C-86, for our benefit but probably more for your own, I imagine, to extol the virtues of C-86, you repeatedly quoted the representative of the United Nations High Commissioner for Refugees, an international organization which, incidentally, is partly funded by the Government of Canada. It is therefore not entirely neutral.

Perhaps you could quote some Canadian agencies that are concerned about immigrants and refugees, such as the Canadian Bar Association, the Ontario Bar Association, the *Barreau du Québec*, the NGOs and churches that showed their support for C-86. That would be a little more convincing.

[*English*]

Senator Kinsella: I wish to thank the honourable senator for the question. Let me begin by underscoring the importance, in my view, of the work that all honourable senators in this chamber contribute to the work of a committee.

I believe that it is the duty of all of us to examine the legislation that is before us. The responsibility is our responsibility. Yes, we are assisted by witnesses we call forward to help us in our examination. However, it is our responsibility to examine that legislation. I understand the strategies that the opposition must develop, given the resources that are available and I salute them for that. Tactically, however, they made an error in boycotting our study of this bill. Honourable senators, it is extremely important for me to —

The Hon. the Speaker: Honourable senator, I am afraid that, according to our rules, the time of the honourable senator for debate has expired.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Is it impossible to ask him any further questions?

The Hon. the Speaker: Is there unanimous agreement for that, honourable senators?

Senator Lynch-Staunton: Certainly.

Senator Molgat: I just want to verify something. Is it correct that the amendments proposed by my colleague, Senator Hébert, were precisely the things you had agreed to in the first report?

Senator Kinsella: Honourable senators, some of the amendments that our colleague, Senator Hébert, has brought forward were the very same amendments, word for word, which were brought forward in the other place. There was careful, direct deliberation in the other place and the majority there decided that they did not want to change the bill in that direction.

What we did, which I think was strategically better, innovative and creative, was to extract from the minister administrative commitments that would give the kind of protection we were looking for, allowing the government to achieve its objective and us to have our concerns allayed with the minister's administrative assurance.

If one carefully reads the observations made in our pre-study report, we achieved a number of important things. I believe that additional, equally important, things were achieved in our "observations."

Senator Molgat: But you had originally agreed, in the unanimous report of the committee, to precisely the things that Senator Hébert proposed, and which you have now voted against?

Senator Kinsella: If honourable senators read the pre-study report, they will see that we identified areas of concern. That is the terminology that is used in the report. "Here is an area of concern. How is one to address it?" The legislative committee in the other place had the bill before them. We had flagged a concern. They took our concern and made some amendments. They dealt with it in that way.

Other ways to address the concerns are our "observations." That explains why the study which the committee did on the bill was so terribly important and why I think these observations are a very important part of the record.

Senator Hébert: Are you telling us that the simple promise or good intentions of a minister is as good as an amendment? Are you telling us to trust the minister rather than trusting the law? Is that what you are telling us now to console yourself?

Senator Kinsella: Honourable senators, it is not a question of consoling; it is a question of dealing with a piece of legislation with a certain amount of intellectual integrity, examining exactly what we have before us and finding ways in which we can reach the objective of the legislation. I think we have found that.

Hon. Philippe Deane Gigantès: Would the honourable Senator Kinsella mind if I sent his answers to these questions to the scriptwriter for the series *Yes, Prime Minister*, to put in the mouth of the cabinet secretary, the notorious speaker of deputy ministerial bafflegab?

Senator Kinsella: In response to —

Senator Barootes: Don't answer him.

Senator Kinsella: On the contrary, I am pleased to respond to the query of the honourable Senator Gigantès. I would remind him of what we find in the introductory text on logic, the chapter dealing with fallacies. The fallacy *ad hominem* is the one that might get us out of this little problem.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Beaudoin, that this bill be read the third time now.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

● (1630)

Motion agreed to and bill read third time on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins	Kinsella
Barootes	Lavoie-Roux
Beaudoin	Lynch-Staunton
Beaulieu	MacDonald (*Halifax*)
Berntson	Macquarrie
Bolduc	Marshall
Carney	Meighen
Chaput-Rolland	Murray
Cochrane	Nurgitz
Cogger	Oliver
Comeau	Ottenheimer
Di Nino	Phillips
Doody	Poitras
Doyle	Robertson
Everett	Ross
Grimard	Rossiter
Kelleher	Spivak
Keon	Sylvain—36

NAYS

THE HONOURABLE SENATORS

Adams	LeBlanc
Austin	Lewis
Bonnell	MacEachen
Bosa	Marchand
Cools	Molgat
Corbin	Perrault
De Bané	Petten
Fairbairn	Riel
Frith	Rizzuto
Gigantès	Robichaud
Grafstein	Sparrow
Hastings	Stollery
Hays	Thériault
Hébert	Watt—29
Kirby	

ABSTENTIONS

THE HONOURABLE SENATORS

NIL

• (1710)

PATENT ACT AMENDMENT BILL, 1992

MOTION TO ALLOCATE TIME

Hon. John Lynch-Staunton rose pursuant to notice of Monday, December 14, 1991:

That, pursuant to the provisions of rule 40, in relation to Bill C-91, to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters, not more than eight further hours of debate be allotted to the consideration of the said Bill at the second reading stage;

That, when the debate comes to an end or when the time provided for the consideration of the second reading stage of the said Bill has expired, the Speaker shall interrupt, if required, any proceedings then before the Senate and put forthwith and successively every question necessary to dispose of the said stage of the said Bill;

That any recorded vote or votes on the said questions shall be taken in accordance with the provisions of rule 40(4). He said: Honourable senators, the purpose of this motion is not to limit debate, but rather, not to delay it—

Some Hon. Senators: Oh, oh.

Senator Lynch-Staunton: —particularly, as has been stated on more than one occasion that we would like to have Bill C-91 go to the Banking Committee before we break for the Christmas recess. I am certain that it is agreed on both sides that an allocation of up to eight hours is more than ample time to debate the bill at this stage.

Bill C-91 originated in a statement by Ministers Wilson and Blais on January 14, 1992, endorsing proposals contained in a draft text of the General Agreement on Tariffs and Trade which would allow pharmaceutical patent owners to enjoy the full term of protection—

Senator Perrault: Full and profitable, period —

Senator Lynch-Staunton: — now provided to patent owners in all other sectors of the Canadian economy.

Bill C-91 was made public in June when it was tabled in the House of Commons. All interested parties, therefore, have been aware of the government's intentions for nearly a year, while the legislation itself has been available for study for almost six months.

From what has been heard here, and also heard and read outside the Senate, the opposition stand against C-91 obviously results from a detailed analysis of the bill which can only lead one to conclude that limiting debate at this stage, far from being a Draconian measure, is an incentive to move the legislation to the committee.

Senator Gigantès: It is a limiting measure.

Senator Hastings: It is a guillotine.

Senator Lynch-Staunton: That will thereby allow a full airing of views before it is returned here for a final vote. For these reasons, honourable senators, I move the adoption of this motion.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the legislative history of this bill is as follows: It received first reading in June, the very day the House of Commons adjourned for the summer.

The House returned on September 8 to deal with Charlottetown document and on September 17 it started second reading debate on Bill C-91. There was one hour and 50 minutes

of debate, 10:25 to 12:15, on second reading that day. Then the House adjourned again for a prolonged period.

This is, I take it, another form of the House of Commons "not delaying" and "not limiting".

Second reading debate resumed on November 1, and then followed a further hour and 25 minutes of debate. Then honourable John Crosby said he had heard enough and gave notice of time allocation, which of course was not to limit the debate, just not to delay it. I do not know whether he used those words, whether this has become a part of Conservative cant when they impose the guillotine. Maybe it has been invented by Senator Lynch-Staunton.

Debate is not being limited when closure is put on. Time allocation does not limit. It simply prevents delay.

There was another hour of debate that day, and four and a half hours on November 17, and then the bill was sent to committee. Total debate at second reading was 8 hours and 45 minutes, just about the same that they want to allow here.

The legislative committee did not assemble until six days later, November 23, for an organization meeting. They met again the next day and were informed by the Conservative member John Cole that the government wanted the public hearings completed within next eight days; by Wednesday, December 2. Familiar pattern?

The opposition members balked at this suggestion. The Liberals alone had a list of 89 witnesses they wished to call. After a lengthy and acrimonious debate, the committee adjourned to the call of the Chair; met again November 3, 1992. However, by that time the acrimony had become so great that NDP member Jim Karpoff moved a motion of no confidence in the Chairman. The Chair was sustained. Surprise.

It was then said that unless a schedule could be agreed upon, the committee would set its own schedule, which included meetings on Saturdays and Sundays.

Senator Bonnell: Holy days.

Senator Frith: Yes, holy days for some, but not so holy that they could not be used to "not delay"—no limiting, just not delaying.

Finally, a motion was adopted that called for six hours of hearings on Friday, nine hours on Monday, nine hours on Tuesday, clause by clause on Thursday, December 3. Opposition members only agreed to this after it became clear that the government was fully prepared to have the bill reported back to the House of Commons the following week, even if no witnesses had been heard.

Therefore, Mr. Cole's schedule had been met. Three days of public hearing were held, and they reported the bill back to the House on Friday, December 4.

When Bill C-22 was before the House in 1986-87, the minister responsible, Harvie Andre, appeared before the legislative committee on three separate days. That committee had 20 meetings over three months. But for Bill C-91, it was three days of public hearings over five days. I suppose that is what the Prime Minister had in mind when he spoke about enhancing the role of Parliament during the debate on the Constitution.

The House began its report stage on Tuesday, December 8. After five hours of debate, Thomas Siddon, the Minister of Indian Affairs and Northern Development, decided he had heard enough about this bill on pharmaceuticals and gave notice of time allocation. That motion was introduced and passed the next day. All votes on report stage were forced the same evening. The government then permitted five and a quarter hours of debate on third reading on Thursday, December 10, before sending the bill down the hall to us.

I painted a similar picture recently when we had Bill C-80, the child benefit bill, before us, but I cannot reconcile myself to what has become of Parliament under this Prime Minister and this government. Debate and accommodation has been replaced by closure and time allocation. The guillotine has become the norm. It is more normal now to have closure than not to have it.

This government has used closure more than all other governments in the history of Canada all put together. They condemned it, of course, when it was used against them while they were in opposition.

It is a surprise if we say, look, let's take our time in debating this. That is the exception. Parliament has become a theatre, a very short-running theatre at that.

But that is the House of Commons. We had hoped we might do better in the Senate. It looks as if we are off to a bad start. I ask the members opposite to put themselves in our position, a position they may be in sooner than they would like to be.

Let us look at these rules. What does this mean, this notice of closure? What meaning does it really have? There is voluntarily closure and involuntarily closure, just like bankruptcy. Once the government decides that the opposition may want to take more time for debate than the government wants to have taken, then they can ask for an agreement saying, you know, please join us in wielding the rubber stamp.

The opposition—and you will be in this position soon — says, "No, we do not want to join you in the rubber-stamp parade. We are Parliament, we are supposed to debate government proposals and not be told how long we can debate." The government says, "We cannot agree", and activates rule 40. The Leader or Deputy Leader of the Government will stand and say, "We will allocate no less than six hours debate for this second reading."

Then what happens? The motion comes up the next day. The government has a majority, as it has now, and it looks as they will send out for reinforcements. And those opposite say, "Hear, hear". They are sure that they will be able to get this motion passed.

• (1650)

Why did the rules provide for two-and-a-half hours of debate? What is the point in having two-and-a-half hours of

debate on it? You heard how long the sponsor of the motion spent on it —probably less than five minutes, explaining how we can stand and debate it for two-and-a-half hours. But for what purpose? That is the position in which the opposition finds itself.

We then have the eight hours, so then we look at the *Rules of the Senate*. These rules have to be read together. Senator Kirby will start on our side. He will have 45 minutes. I will follow him. I have unlimited time. I will not do so, but let us say that I took two hours. We would then have two hours and 45 minutes of debate. Every speaker after that is entitled to 15 minutes. You will find, when you get over here, that you cannot fill those remaining five-and-a-quarter hours. The closure motion calls for a straight eight hours of debate—no interruptions, no amendments, no motions of any kind. Just sit there and stand up in your turn and talk, because we have a clock on you and the clock is running for, in this case, eight hours—15 minutes for each senator. When you get over here with your reinforcements, you might be able to fill up the time at 15 minutes a head. But we cannot.

Some of you remember when you were over here. My empathy for Senator Flynn rose every day over here, thinking about when he was on this side.

Senator Phillips: I noticed that.

Senator Frith: And Senator Phillips was on this side, too. He remembers what it was like. You may be able to do it for a while when you are over here. You may be able to fill up the eight hours or six hours, whatever the government decides to give you, but it is virtually impossible for us to do it with the numbers that we have. For example, 15 minutes could come up to 150 minutes with 10; with 20 we could come up with 300 minutes, which is five hours. We might just make it if I spoke for three hours.

Honourable senators, this motion will pass. If the people on your side will not even vote for their own recommendations in a committee report, they will certainly not vote against this closure motion.

I take it that at the moment you all believe in this closure. And from your perspective over there, it looks like a pretty good rule. However, you will soon find out that it does not look good from this side. The process becomes somewhat embarrassing to go through when you know that you will pass the motion. You know that you will get your iniquitous bill in the end.

We will do our best. There are a lot of our people who want to talk, but it is silly to consider trying to debate for eight straight hours or even eight hours over two days. You will find out—the sooner the better.

Senator Bonnell: Honourable senators, I want to say one thing on this debate: It is time for them to go!

Senator Cools: They know it, too!

[Senator Frith.]

Hon. Lowell Murray (Leader of the Government): If the honourable senator has a plane to catch, I would not want to stand in his way.

Honourable senators, in light of the speech that we have just heard from the Honourable Leader of the Opposition, the issue that is before us is how best to organize the business of this chamber to allow for full debate and full examination of important business that comes before us.

Since June 1991, as the Leader of the Opposition has correctly pointed out, the rules provide for a process in which the two parties in this chamber, through their leaders, can come to an agreement on the duration of the debate on a measure at any stage.

Senator Frith: To suit the government's purposes.

Senator Murray: When they have agreed on the duration of the debate at that stage, that becomes an order of the house. I cheerfully acknowledge that there is then some element of predictability, which serves all honourable senators on both sides, as to when, for example, a standing vote might be held. In general, that improves the functioning of the chamber, and meets the convenience of most honourable senators on both sides.

In the present case, we followed that process. My friend the Deputy Leader of the Government had discussions—as he does on an almost daily basis—with his counterpart, the Deputy Leader of the Opposition. I want to be clear about this point. The Deputy Leader of the Government does not go to his counterpart and say, "We want you to agree to second reading on Tuesday next."

Senator Frith: He does so.

Senator Murray: He does nothing of the kind.

Senator Frith: You have not been at that meeting, then. I know that is exactly what he frequently does. That is precisely what he does.

Senator Perrault: You are getting second-hand reports. That is what you are reporting on.

Senator Murray: And in this case, his mandate was to try to obtain an agreement from the Deputy Leader of the Opposition—

Senator Perrault: You are laundering the facts!

Senator Murray: —as to a time when we could end the second reading debate and hopefully send the bill to the appropriate standing committee of the Senate.

Senator Perrault: Did he say "Please"?

Senator Murray: He did not say that we want third reading on Tuesday, December 15, or Wednesday, December 16, or Thursday, December 17, or Friday, December 18—or even Monday, December 21—

Senator Perrault: He says he wants it now!

Senator Murray: —or December 22 or 23. He said that we would like to have second reading on this bill before Christmas. I repeat, "before Christmas". Christmas is December 25.

An Hon. Senator: It was last year, too!

Senator Murray: Honourable senators, it was open to the Deputy Leader of the Opposition to suggest a date and a time that would be convenient for them, and we would try to work something out between the two leaders. But there was no such suggestion or proposal. What we were met with was a simple refusal. "No, we will not agree to any date for ending the debate on second reading and sending this bill to committee."

[*Translation*]

All we got was total rejection, a categoric no, an absolute refusal to even try to name a date. As my friend Senator Bolduc is telling me, they would accept no compromise whatsoever. In such circumstances, honourable senators, the government had no other choice but to use rule 40.

• (1700)

[*English*]

It provides that in those circumstances, the government can move a motion for the allocation of time. In the circumstances, the Deputy Leader of the Government has moved that we should have another eight hours of debate at second reading.

Senator Perrault: He did it with great reluctance.

Senator Murray: There is still second reading, committee stage and third reading to this bill. It seems to me not to be excessive that we should agree on eight more hours of debate because that will provide plenty of opportunity for honourable senators to state their views.

It is not as if honourable senators opposite need the time to consider their position. They were against this bill before they saw the bill. They have returned to the charge time and time again in the past year to state their implacable opposition to the bill.

Honourable senators, it does not seem to me to be unreasonable, confronted with a refusal on the part of the Opposition, even to consider fixing a date and time to end the debate. It does not seem to me to be unreasonable that the government would resort to rule 40. The Leader of the Opposition says that the guillotine has become the norm and that the government in the Senate is acting in an arbitrary and high-handed manner. These rules have been in effect now since June 1991. How many times have we had recourse to rule 40? Twice before today.

Senator Frith: All you have to do is threaten it.

Senator Murray: I want to remind honourable senators of the circumstances in the two previous cases. The first one last March was on bill C-32. We had a time allocation motion providing for two and a half hours of debate. Honourable senators took one hour and forty-five minutes out of the possible two and a half hours. On the debate at third reading, six hours were allotted. Honourable senators took a total of one hour and forty minutes of debate, with one Conservative and five Liberals taking part. We next had recourse to this rule last October on Bill C-80. On that occasion, after a vote on time allocation, we allocated six hours to third reading. Three Conservative senators and four Liberal senators took part in a total of two and a half hours out of a possible six hours of debate.

So honourable senators opposite, in my experience, have not had much difficulty filling time when they wanted. They have filled hours and days of time here in the past when they were not that much more numerous than they are today. It seems to me again that in this case, with eight hours provided for debate, one year after the issue first came to public attention, many weeks since the bill first saw the light of day in the House of Commons and with a good month ahead of us for committee hearings, if members of the committee want it, that it is not unreasonable to expect that eight hours would be sufficient for debate on this measure at second reading.

I ask honourable senators to come back to the main issue of how we organize the business of the house. I ask them to reflect on whether rule 39 does not give us an opportunity on both sides to organize the business of this place in quite an effective way, because it provides an opportunity for two sides to agree on a certain time for ending a particular stage, and you can only take one stage of a bill at a time, according to those two rules. With all the legislation we have before us, including some very important legislation, it would serve the interests of the Senate that we should cooperate, as the rules provide, on matters of this kind. It would certainly meet the convenience of individual senators wherever they sit in this place and would better serve the cause of a full debate and proper examination of the measures that come before us.

Senator Frith: You will be hearing those words again in the future or your colleagues will.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, Senator Murray has really gone a great distance to pretend that this is a reasonable rule. The facts are that when I deal with the Deputy Leader of the Government on these matters he has a great big axe, these rules. It is not a question of reasonableness or anything like it. He is a very pleasant individual, but the fact is that the rule book gives him complete power. What are my bargaining tools?

Senator Frith: You have no cards.

Senator Molgat: None, because if I do not agree he will bring in time allocation. That is the long and the short of it.

Senator Murray: Why can't you make a counter proposal, "I want three days, four days, we need a week."

Senator Molgat: You simply want to be able to force this side to do exactly as you please.

Senator Murray: No.

Senator Molgat: That is exactly what those rules do. You will find out when you come over here.

Senator Murray: I have been there.

Senator Frith: But not under these rules.

Senator Molgat: You forced those rules on us and you know it.

Senator Frith: You will see.

Senator Molgat: They are not good rules.

Senator Murray: There is no more democratic legislation than those rules.

Senator Molgat: It is not, as the honourable senator was trying to put it, just a case of coming to an agreement. You cannot bargain that way when you know that you have all the power of the rules.

Senator Perrault: It is not even friendly persuasion.

Senator Molgat: I readily admit, as I told the leader, that I do not know how many of our people will want to speak.

Senator Frith: Or when.

Senator Molgat: Or when. That was the basis. He then decides, as he has, we will put in time allocation. Are you saying that is fair? That is a different way of looking at it than what I see. The rules are bad and he will find out when he comes over here.

The Hon. the Speaker: It was moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Phillips

> That, pursuant to the provisions of Rule 40, in relation to Bill C-91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters, not more than eight further hours of debate be allotted to the consideration of the said Bill at the second reading stage;
>
> That, when the debate comes to an end or when the time provided for the consideration of the second reading stage of the said Bill has expired, the Speaker shall interrupt, if required, any proceedings then before the Senate and put forthwith and successively every question necessary to dispose of the said stage of the said Bill;
>
> That any recorded vote or votes on the said questions shall be taken in accordance with the provisions of Rule 40(4).

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

Some Hon. Senators: Yea.

Some Hon. Senators: Nay.

The Hon. the Speaker: Those in favour will please say "yea".

[Senator Murray.]

Some Hon. Senators: Yea.

The Hon. the Speaker: Those against will please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: Looking at the numbers, I think the "yeas" have it.

Senator Perrault: Looking at the numbers; that is a new rule.

And two honourable senators having risen.

The Hon. the Speaker: Call in the senators.

• (1720)

Senator Molgat: There will be a problem once we are into the debate itself. There is no break for the supper hour, is that correct?

Senator Lynch-Staunton: Honourable senators, we have agreed that we will vote and, when the vote is finished, we can suspend the sitting until 8 o'clock and start the debate on Bill C-91 at that time. We will vote at 6 o'clock.

Second, Senator Bolduc wishes leave to make a motion that the Standing Senate Committee on National Finance be allowed to sit while the Senate is sitting.

Senator Molgat: When we are dealing with as important a bill as Bill C-91, there should not be a committee meeting during the session.

Senator Gigantès: That shows a total disrespect for the people of Canada!

Some Hon. Senators: Oh, Oh!

The Hon. the Speaker: Honourable senators, leave is not granted. The vote will be at 6 o'clock.

• (1730)

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Phillips:

> That pursuant to the provisions of Rule 40, in relation to Bill C-91, to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters —

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Dispense.

Motion carried on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins	Lavoie-Roux
Barootes	Lynch-Staunton
Beaudoin	MacDonald (*Halifax*)
Beaulieu	Macquarrie
Berntson	Marshall
Bolduc	Meighen
Carney	Murray
Chaput-Rolland	Nurgitz
Cochrane	Oliver
Cogger	Ottenheimer
Comeau	Phillips
Di Nino	Poitras
Doody	Robertson
Doyle	Ross
Grimard	Rossiter
Kelleher	Simard
Keon	Spivak
Kinsella	Sylvain—36

NAYS

THE HONOURABLE SENATORS

Adams	Hébert
Austin	Kirby
Bonnell	LeBlanc
Bosa	Lewis
Cools	Marchand
Corbin	Molgat
De Bané	Perrault
Fairbairn	Petten
Frith	Riel
Gigantès	Rizzuto
Grafstein	Sparrow
Hastings	Stollery
Hays	Thériault—26

ABSTENTIONS

THE HONOURABLE SENATORS

NIL

The Hon. the Speaker: Is it agreed, honourable senators, that the Senate will adjourn until 8 o'clock?

Hon. Senators: Yes.

The Senate adjourned during pleasure.

• (2000)

At 8.00 p.m., the sitting of the Senate was resumed.

PATENT ACT AMENDMENT BILL, 1992

SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Beaulieu, seconded by the Honourable Senator Comeau, for the second reading of Bill C-91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters.

Hon. Michael Kirby: I rise today to outline the Liberal opposition to Bill C-91, the Patent Act amendment act. Bill C-91 is more commonly known as the Drug Patent Act since it grants brand name pharmaceutical drug manufacturers greater market exclusivity over generic drug manufacturers.

I would like to make it clear that, for senators on this side of the Chamber, that the debate is not a narrow partisan one about taking sides. It is not in fact a debate about blindly following the arguments of either the pharmaceutical drug lobby, nor is it about accepting everything the generic drug manufacturers say as gospel.

The debate focuses on what is right for the Canadian health care system, for Canadian taxpayers and consumers. Therefore, I would like to preface my remarks tonight with a brief historical sketch of the evolution of the debate over drug patents. I do this in order to put the current debate over C-91 in an accurate historical context. I will then follow these introductory historical remarks with some observations based on a more substantial examination of Bill C-91 focusing on two specific aspects of the bill.

First, I will give you some comments on the specifics of the bill itself, and second, I will outline the effects of Bill C-91 on the consumer and the taxpayer. Before I begin to do those latter two things, let me turn to some observations which will enable you to understand the debate over C-91 in a historical context, but in particular, the context of the debate that took place in this chamber in 1986 and 1987 with respect to Bill C-22.

Compulsory licensing of medicine has been permitted in Canada since 1923. For those of you who are not familiar with the history of a compulsory licence, such a licence gives the licensee the right to use, manufacture, sell or distribute a patented invention related to a food or medicine. The Commissioner of Patents decides whether a compulsory licence will be granted and he also sets the royalty rate paid to the patent holder.

While compulsory licences have been permitted since 1923, they were only available for medicines whose active ingredient was manufactured in Canada. The original constraint applied to the granting of a compulsory licence was that it would only be granted if the medicine's active ingredient was manufactured in Canada. From 1923 until the 1960's, there were few such medicines on the market because there were relatively few medicines made in Canada which met the test of having their active ingredient made here.

This changed with the introduction of medicare in the late 1960's. It also changed with the introduction of compulsory licensing by the liberal government in 1969 when the Minister of Consumer and Corporate Affairs of the day, the Right Honourable John Turner, introduced legislation to amend the Patent Act to permit compulsory licences to be granted for

medicines whose main active ingredient was produced outside the country.

The effect of the 1969 amendment was that generic drug manufacturers could import a medicine's active ingredient and process it into a saleable product. For the right to produce such a patented product under a compulsory licence, the generic manufacturer was to pay a royalty to the patent holder.

This system, introduced in 1969, was a considerable success for almost 20 years. One government study, completed when the Conservative government was in office showed that compulsory licences saved Canadians over $211 million in 1983. Yet with such a report in hand extolling the virtues of compulsory licensing and their benefits to Canadian taxpayers, Brian Mulroney went ahead in 1986 and introduced Bill C-22, legislation which extended monopolies to patented drugs. What Bill C-22 effectively did was eliminate or prevent the granting of a compulsory licence for seven years.

Pharmaceutical drug manufacturers, as you can imagine, pushed very hard for the legislation by promising millions of dollars in investment in research and development and thousands of jobs if Bill C-22 became law. Of course, it is easy to understand why the big foreign-owned drug manufacturers were so supportive of Bill C-22; it guaranteed them seven years of market exclusivity, seven years of monopoly with respect to any patented medicine they produced.

In other words, under Bill C-22, pharmaceutical manufacturers were given a monopoly. A situation which struck many of us at the time that C-22 was debated in this Chamber as being fairly ironic since a government under a Prime Minister who has spent a considerable amount of effort ending monopolies and attempting to strengthen competition policy, would end up being responsible for creating a private monopoly for a publicly-funded health care system.

The great fear that Canadians had of C-22, as thos here during that debate remember, was that by allowing pharmaceutical drug companies a monopoly over the manufacture of medicines in Canada, drugs in Canada would become more and more expensive. That was the fear expressed by opponents to Bill C-22, including those on this side of the chamber, and that was a fear which in fact has become a reality since the passage of Bill C-22.

Even the government, while it was establishing C-22, was concerned enough by potential price gouging to establish the Patented Medicines Price Review Board, whose mandate was to ensure that the prices charged by companies holding a patent were not excessive and to report annually on pricing trends and expenditures by pharmaceutical drug manufacturers, and on spending on research and development in Canada.

The government's regulatory agency, the Patent Medicines Price Review Board, has turned out to be completely ineffective. It has turned out to have no impact on government policy. It has had no impact at all on the pricing of patented drugs by pharmaceutical drug manufacturers.

[Senator Kirby.]

A long and difficult set of country-wide public hearings followed the introduction of Bill C-22. In every stop made by the travelling committee of the Senate, the bill was universally condemned as a taxpayer-sponsored gift to the foreign-owned pharmaceutical companies.

Faced with that problem, Liberal senators on this side of the chamber were caught in a dilemma. It was clear that Bill C-22 was unacceptable to Canadians. We had ample evidence of that during the cross-country hearings. And because in 1987 we were a majority, we on this side of the House could have killed the legislation. However, our concern, at the time, as expressed repeatedly in the media and a variety of places, was that the non-elected status of the Senate caused some difficulty. It would be much less true today, but in the eyes of some people then, it would have been wrong for the Liberal majority to have defeated the bill. So on this side of the chamber we abstained from voting on on Bill C-22, hoping that the evidence gathered during the cross-country hearings would help senators opposite make the right decision for Canadians; the decision that the people they represented wanted them to make.

• (2010)

However, as we have discovered on many occasions since 1987, members opposite are not a group easily swayed by the facts, even if they understand them, which is frequently debatable. The end result is that Conservative senators voted unanimously for the Bill C-22, in spite of the fact that in every one of the communities they represent where public hearings were held, the people made it clear that they wanted Bill C-22 defeated.

Unfortunately, those of us on this side of the chamber made that one error in judgement. We honestly believed that members opposite would listen to what was said at the hearings and that they would follow that advice. We have subsequently seen that members opposite are prepared to do whatever the Prime Minister asks them to do, entirely independent of what is heard at public hearings.

Those of us who travelled across the country in 1990 listening to the debate on the GST fully understand that, although you can have hearings throughout the summer and 95 per cent of the witnesses argue against a particular government proposal, members opposite will not listen to that evidence. Instead, they will simply do what they are told to do by the Prime Minister. As a result, Bill C-22 was passed.

At the time Bill C-22 was passed, Canadians thought that they had heard the last of government-sponsored medical monopolies, because in Bill C-22 the Conservatives promised a fully independent review of the effects of the legislation in 1996. That promise was made, honourable senators, because once a patent application has been filed it takes on average of between five and 10 years to bring a new drug to market. The assumption was made in 1986 that it would take about 10 years after Bill C-22 was passed; until 1996 before you would

be able to understand fully its effects. That is why the government itself introduced, as part of Bill C-22, a fully independent review of the bill's effects in 1996. At the time, amendments to C-22 were nevere contemplated. Nobody expected changes to the drug patent act would be undertaken between 1986 and 1996 in order to further line the pockets of the multinational drug companies.

This spring, the government once again broke a promise in addition to the promises that were broken relating to sacred trusts and jobs, jobs, jobs. When the government introduced Bill C-91 it eliminated the independent inquiry that had been promised in 1996. In addition, it extended the monopoly given to pharmaceutical drug manufacturers. It extended the monopoly a minimum of three years longer. As I will illustrate in a few minutes, the average extension, contrary to what members opposite are saying, is actually seven years, not three years.

With that brief background on the history of Bill C-22, I now want to turn to a few comments on the specifics of the current bill before us tonight, Bill C-91.

Bill C-91 seeks to end compulsory licensing and extend the monopolies by a minimum of three years. I will explain clearly in a few minutes that three years is the minimum; the maximum can be substantially longer. The average is seven years.

Similar to the debate on C-22, the foreign-owned pharmaceutical companies are the main proponents of the monopoly extension contained in Bill C-91. Needless to say, they are the main proponents of the bill because they are the main financial beneficiaries. The Canadian-owned generic drug manufacturers are opposed to the legislation because clearly they and the people they represent, are the second biggest losers in this change in regime. The biggest single losers are those who buy drugs and pay for them: Canadian taxpayers and consumers.

Again we have a repeat of what we saw in 1986. We have the pharmaceutical drug industry promising huge investments in research and development and once again the government proposing to strengthen the Patented Medicines Prices Review Board. Once again, just as we had during those hearings in 1986 and 1987, Canadians from all walks of life, ranging from provincial ministers of health to senior citizens, from one end of this country to the other, are opposing the monopoly extension that is being offered to foreign-owned pharmaceutical companies by Bill C-91.

That is where the similarities between Bill C-22 and C-91 end. The big difference in looking at Bill C-91 compared to C-22 is that we now have the experience of C-22 against which to judge the effects of C-91. We have historical evidence on which to base future projections. We did not have that when the debate on Bill C-22 took place in this chamber.

The players are the same as they were in 1986, but Canadians have now seen the game. It is in that historical context of what the impact of C-22 that we must judge C-91 and make forecasts as to its impact on the Canadian economy, Canadian taxpayers and consumers.

I will now say a few words about the impact of C-22. In 1987, the foreign-owned pharmaceutical drug industry promised to increase research and development spending to eight per cent of sales by 1991 and to 10 per cent by the end of 1996. Canadians were also promised by the same multinational drug companies 3000 high-technology jobs in research and development. That is what we were promised. Let us look at the facts and see what happened.

At the time of the introduction of Bill C-22, pharmaceutical companies were spending about four per cent of their sales on research and development. The most recent set of numbers suggests they are now spending about 9.5 per cent. On the surface, it appears that the pharmaceutical industry has lived up to its promise. Scratch this surface, however, and you will see that all that glitters is not gold. We did not get any where near what was implied at the time of the debate of C-22.

Let me elaborate. In 1987, while the foreign-owned pharmaceutical companies were spending four per cent of their sales on research and development in Canada, they were spending an average of 12.7 per cent of sales on R & D in most other countries in which they had active businesses. That is a difference of over eight per cent. In other words, at the time C-22 was debated, the multinational national drug companies were spending significantly less in Canada on R & D as a percentage of sales than they were spending in other western industrialized countries.

A recent study published by the government, entitled: "R & D Expenditures in Canada and other countries"—I am reading from the government's own publication—concluded the following:

● (2020)

> . . . such evidence has led some commentators to suggest . . . that Canada is only getting the share of an increased R & D pot that it would have received in any event.

In other words, honourable senators, the so-called benefits of Bill C-22 with respect to increased money spent on R & D in Canada by multinational drug companies merely brought us up to the international average of other western industrialized countries. That average, in the words of the government's own publication, would have been attained without Bill C-22.

One has to conclude that the foreign-owned pharmaceutical companies pulled a neat trick in 1986 and 1987. What they did was simply receive the "credit" as a result of giving Canada a "benefit" for passing Bill C-22, a benefit which they had already planned to give the country in order to bring R & D expenditures in Canada up to the level of other countries. Incidentally, not all of these other countries provide the same level of drug patent protection as is proposed in Bill C-91.

There is some interesting recent data out which shows that a variety of countries, ranging from the United States, to Germany, to the U.K., to Japan, to Switzerland—basically many of the major western industrialized countries—have R & D to

sales ratios ranging from a low of 13 per cent to a high of 17 per cent. In this context it is easy to see why the pharmaceutical companies are now trying to get away with what they did in 1987. After all, why should they not promise more spending on R & D if Bill C-91 is passed? They are already spending 30 per cent to 60 per cent less in Canada than they are spending anywhere else. All they have to do is raise Canadian expenditures up to their international average. For this, they want to receive "credit" when they are not receiving "credit" for making similar expenditures in any other countries.

We are being asked to give a gift to people who, for straight business reasons, will only do what they plan to do in return for Bill C-91. The fact of the matter is they have done that in every other country without being paid off in a similar manner.

Let me remind honourable senators about the nature of this so-called pay-off. The nature of the reward to Canadians arising from Bill C-22 was supposed to be 3,000 high-technology jobs. The fact is that the jobs that have been created in Canada since 1987 are at the lowest end of the R & D research spectrum. The reason for that is that the jobs that have been created in Canada are clinical research jobs, not developmental research jobs.

The reason the clinical research jobs are being carried out in Canada is that liability insurance for drug testing in Canada is less expensive here than elsewhere. Pharmaceutical companies help their bottom line if they run their clinical research here and do the high-end of research and technology, the developmental end of research, in other countries such as the United States, western Europe and Japan.

I wish now to say something about the nature of the jobs that were actually created by Bill C-22. The great thing about the government putting out all kinds of publications, which obviously neither the minister nor any other member of the opposite side of this house read, is that we are able to use their data, so they cannot accuse us of bias.

There was a study prepared by the Department of Consumer and Corporate Affairs entitled, "Trends in the Pharmaceutical Industry in Canada, Post 1987 Environment". What the report points out is that the promise made by both the industry and the government in 1987 to create 3,000 high-technology jobs was not kept. We are used to promises not being kept by this Prime Minister. We now also know that the industry will not keep promises.

The report of the Department of Consumer and Corporate Affairs states that 1,386 jobs were created—not 3,000, even if you count everything, but 1,386. Remember, honourable senators, these 3,000 jobs were supposed to be high-technology jobs in research and development.

Hon. Lowell Murray (Leader of the Government): What is the date of the study?

Senator Kirby: It is 1991.

Of these 1,386 jobs, and I am now quoting from the report: [Senator Kirby.]

> Approximately one-half of these new jobs are in marketing and sales while another 32 per cent are in R & D. A total of 54 manufacturing jobs were lost over this time period.

If you do the mathematics on that, honourable senators, taking the 32 per cent of the 1,386 jobs and subtracting the 54 that were lost, you will find that only 389 jobs in research and development have been created out of the promised total of 3,000.

What I ask members opposite is this. When you read, as we did in the paper today, about wonderful new jobs promised by various drug companies, what credibility do these forecasts have in light of the statements made in 1986 and 1987 which, clearly, were not true? It seems to me that there is no evidence that they are likely to be true this time.

Senator Murray: Since the question has been asked rhetorically, may I take less than 30 seconds to intervene? I think the Deputy Leader of the Government yesterday placed on the record a delayed reply in answer to a question from Senator Perrault on this matter.

Senator Perrault: A very unsatisfactory reply.

Senator Murray: Very unsatisfactory, says Senator Perrault. However, the number of new jobs in medical R & D over the period 1987 to 1991 was in the range of 900, and not the figure cited by Senator Kirby. However, that is not my main point in rising.

My main point in rising is to say that —

Senator Frith: I think that is more than 30 seconds, Mr. Speaker.

Senator Murray: I am sorry, I am a slow talker, even a slow thinker.

Senator Perrault: Tory time is slow time.

Senator Murray: I will not impose on the patience of honourable senators.

The percentage increase in jobs in medical R & D turns out to have been something in the order of 76 per cent. The percentage increase in jobs in administration, sales and so forth turns out to have been in the 20 per cent range.

Senator Kirby: Honourable senators, I am happy —

Senator Murray: I knew the honourable senator would want to rejoice.

Senator Kirby: I am happy to look at the data the Leader of the Government has just provided. I would like to make the observation that even if I accept his data, which I do with some scepticism, as honourable senators can understand, I point out to him that 900 jobs in the period he just mentioned, being 1987 to 1991, is a long way short of 3,000.

Senator Murray: Medical R & D is what I said.

Senator Kirby: If you do not like my 443, I am happy to take your 900. It is clear that the industry is not living up to the promises it made.

Frankly, I am surprised that they are continuing to make the kinds of promises that they are making today. It seems strange that they think anyone would believe what they are likely to say.

In fact, to tell you how incredible—not believable—the current statements are, I wish to quote from something which Dr. Eastman, the head of the Patented Medicine Prices Review Board, has said. This is the same Dr. Eastman appointed by the government to head its so-called watch-dog —a toothless watch-dog.

> . . . some observers [have said] that the Patent Act's provision for compulsory licensing to import pharmaceutical products is a disincentive to . . . conduct research in Canada. However, the present Patent Act does not have a substantial negative effect on the profitability of Canadian innovations in pharmaceutical because such research activities are undertaken to develop new products for sale on the world market and not simply in Canada. The present Patent Act does not present a financial barrier to research to multinational pharmaceutical firms.

● (2030)

That statement is a direct quote from the current chairman of the Patented Medicine Prices Review Board and flies in the face of everything we have been told by the government, which is that Bill C-91 is a barrier to R & D in the drug industry in Canada. One can only conclude, when looking at what independent experts like Dr. Eastman and independent government departments have said, that there is nothing stopping a foreign-owned pharmaceutical company from spending more money on R & D in Canada even without Bill C-91. Indeed, there is an incentive for them to do that because it is easier to do clinical research here as a result of lower insurance rates. They are, in fact, spending a higher percentage of sales on R & D in every other major industrialized country. Clearly, Bill C-91 is not required in order for firms making business decisions, not looking for handouts, to spend more on R & D in Canada.

What will happen as a result of this bill is that we will see a significant transfer from Canadian taxpayers and consumers to multinationals and therefore out of the country by way of higher dividends.

That brings me to the issue of cost; who will pay, and how much. Everyone—the government, pharmaceutical companies opponents of the bill—agrees that extended monopolies for patented drugs will cost more if this legislation becomes law. The federal government says that Bill C-91 will cost Canadians about $550 million between now and the turn of the century.

This whole country is well aware of the federal government's record as an economic forecaster. I cannot resist pointing out that it was only two weeks ago today that the Minister of Finance told Canadians that the deficit for 1993 will be $10 billion more than the forecast he made a year ago. I ask you, in light of that degree of error, how much credibility is there in any statement on economic forecasting by this government?

The second observation that seems to have been missed by most of the media is that none of that $550 million will be paid by the federal government in any event. The fact is that this bill imposes costs on others, but no costs on the federal government. The federal government, in that sense, is not a stakeholder in this bill. Let me explain why.

Again quoting government sources, the Department of Consumer and Corporate Affairs has pointed out that 50 per cent of the cost of this bill will be borne by provincial health care plans, 25 per cent by private insurers and 25 per cent by individual consumers at the point of purchase. Therefore, if one is seeking to determine the true cost of Bill C-91, it is best to look at what the stakeholders have to say—what provincial governments; private insurers, like Greenshield Prepaid Services; individual consumers through their associations, like the Consumers' Association of Canada, have to say. They are clearly far more reputable sources of information on the cost of C-91, in part because the government's track record on forecasting is so abysmal, and in part because the government has nothing at stake in the bill.

Let us look at what some of these stakeholders have to say about the cost of this bill. Ontario's Minister of Health, Frances Lankin, estimates that Bill C-91 will cost the citizens of Ontario $1 billion over the next decade. Greenshield Prepaid Services estimates exactly the same. The Consumers' Association of Canada says the legislation will cost Canadians over $1 billion between now and the end of the decade. Let me illustrate why these figures are correct, and where $1 billion can come from in, for example, Ontario.

Generic drugs save the Ontario government drug plan between $80 and $100 million a year, or 15 per cent of the total costs of the Ontario drug plan. In British Columbia, the government estimates that the extended patents on two drugs alone, Enalapril and Lovostatin, will cost taxpayers over $145 million for the life of the patent extension. In Manitoba, the provincial government says that since Bill C-22 took effect in 1987 expenditures on drugs have increased by 12.3 per cent. Therefore, despite all the evidence to the contrary, the federal government continues to insist that drug prices have only increased at the rate of 2.9 per cent annually since Bill C-22 became law.

Why this discrepancy? How is it possible that this government can continue to claim that drug prices have increased at only 2.9 per cent annually, in spite of all the evidence given by the people who really pay the bills, and I have only quoted three—Ontario, Manitoba and British Columbia? The reason is complicated because of the way in which averages are calculated. I am always reminded when I read averages as quoted by the opposite side of a story I used to tell the students in my statistics class about the statistician who drowned while swimming across a river that had an average depth of 3 feet. That is

essentially the kind of playing with numbers at which the other side excels.

Let me explain why. Only 3 per cent of pharmaceutical drugs fall under the auspices of the Patented Medicine Prices Review Board. Those have had an average increase of 2.9 per cent. In making that statement, as the government does repeatedly, it omits one important, crucial fact. The fact is that new drugs coming on to the market since Bill C-22 came into effect are replacing drugs that used to cost pennies a pill with new drugs that now cost dollars a pill.

The prices review board found that 40 per cent of the new drugs introduced in 1991, last year, came on to the market at prices in excess of government guidelines. What is happening is that there are very small price increases on old products and high prices on the new ones. Quoting the government once more, these same conclusions are borne out by the Department of Health and Welfare in a study entitled "Health Expenditures in Canada." That study concluded with these words:

> Expenditures on drugs exhibited the highest level of growth among categories of health care expenditures, increasing by 14.3 per cent from 1989 to 1990.

Indeed, again quoting government sources, the Government of Canada's own interdepartmental working group estimates that Bill C-22 has cost Canadians $1.5 billion since it became law in 1987. Therefore it seems to me that any observer of the current debate and any observer of what transpired in committee and in the other place would have to conclude, particularly after listening to the kind of evidence I quoted from government sources that the $550 million cost the government claims is associated with C-91 is simply not valid.

Unless that amount of evidence is not sufficient for honourable senators, let me give one other example from a recent study done by the U.S. General Accounting Office in Washington. This study was done for purposes of looking at health care costs in the U.S. and comparing them with Canadian health care costs. It looked at drugs in Canada according to their regulatory status. What I found was fascinating. Products in Canada which have compulsory licenses, and therefore face competition from generic manufacturers, cost between 19 and 24 per cent less in Canada than in the U.S. If you compared Canadian and American prices on cases where a compulsory license exists for the drug, the fact is that Canadian drugs cost 19 to 24 per cent less. In cases where Canadian pharmaceutical products were facing the threat of generic competition, but no actual generic competition had yet occurred, Canadian prices were 8 to 18 per cent less than their American equivalent.

• (2040)

However, here is the hook. Bill C-91 proposes to extend the monopoly provisions of the current Patent Act. In the GAO study, single-source drugs—drugs for which there is no generic competition in Canada—cost 4.8 per cent more in Canada than in the United States. It is clear that compulsory licensing is having a significant impact on keeping Canadian drug prices down. Even the federal Department of Industry, Science and Technology pointed out that in 1991 that compulsory licensing in Canada saved Canadians over $300 million.

One can argue that this estimate is low. If you do a different type of estimate, based on brand name prices as quoted in the Ontario drug benefit formulary, the amount saved in 1992 is $426 million rather than $300 million. In either event, it is clearly a significant amount of money.

What the federal government did to arrive at its extra cost of $550 million was to use a government study by the Department of Industry, Science and Technology, which said that Bill C-91—we have all heard this statement because it has been repeated in the media coast to coast many times by the government—results in an additional three years of monopoly and market exclusivity for foreign-owned pharmaceutical companies. In reality, instead of three years, which is the minimum, the increase is closer to seven years. Data now shows that it appears to be 7.2 years.

The reason for that is twofold. The Department of Industry, Science and Technology says Bill C-91 will have increased market exclusivity by 3.5 years, not 3 years. Another recent study by the Department of Industry, Science and Technology says that the average will be at least 3.9 years. I cannot figure out how the government managed to take 3.9 years—developed by its own bureaucracy—and round that down to 3 years. The mathematics of how you achieve that are puzzling to me. That suggests that they have the same people working on this drug bill that worked on the various deficit forecasts. That is the only reasonable assumption.

The fact of the matter is that the average increase in terms of the market protection granted to these companies is 7.2 years; not 3 years and not 3.9. The average will be 7.2, more than double than what the government is claiming. The reason for that is there is an interesting wrinkle in the process I have never had explained clearly. What is normally stated is the following: A patent is good for 20 years. It takes on average, they claim, 10 years to develop, test and get regulatory approval to sell a drug. Therefore, in a sense, you have market exclusivity for, on average, 7 years due to Bill C-22. That is why you see the statement in the media that pharmaceutical companies have a 17-year protection. They have the 10 years it takes to actually get the drug on the market, then they have the addition 7 years. Going from 17 to 20 is how the government arrived at 3 years.

That glosses over a significant fact about the process; that a single drug can have several patents. Slightly modified versions of existing drugs are given new patents. Let me give you an example. A patented drug whose 20-year patent protection runs out 1995 only needs to undergo a minor change such as changing the way a drug is delivered—for example, through a sustained release tablet—to be eligible for a new 20-year patent. But since the basic composition of the drug has not changed, it does not take 10 years to get that drug on the market; frequently less than half. Let us say it takes five years. In

that case, Bill C-91 gives that drug a 15-year monopoly, not the 7-year monopoly it has under Bill C-22. What Bill C-91 will do for a substantial amount of drugs is give them 8, 9, and 10 years additional protection, not merely 3 years. That is how it is possible to show that the average extension is 7.2 years, not merely 3 years, as the government has argued.

It is clear that the economic impact of Bill C-91 goes way beyond many of the statements that have been made by the government.

The 7-years' estimate, in terms of cost, is that starting in 1993 to the year 2000, in that 7-year period, the cumulative cost to Canadian taxpayers will be $1.7 billion: more than three times the $550 million forecast by the federal government. Indeed, by the year 2010, in the next decade, these cumulative costs are now estimated by a variety of independent sources to run at about $4 billion.

Honourable senators, the notion that this bill is costing Canadian taxpayers a mere $550 million—"mere" because that is the way this government dispenses money—is sickening because that number is somewhere between three and four times too small. Multiply that number by three to four times in order to arrive at the real cost.

The final topic is the question of retroactivity. This concept has been built into this bill and has not received any coverage. As some of you may know, this bill makes the legislation retroactive to December 20, 1991, because this is the date on which the draft revised agreement on the General Agreement on Tariffs and Trade—the agreement that is supposed to wind up the Uruguay Round—was signed. This has become known in professional circles as the Dunkel agreement, named after the chairman of the GATT.

While most Canadians have heard of the GATT agreement, they certainly find it a bit strange that we are being asked to approve a piece of legislation which is retroactive to the date a draft agreement was signed. It wasnt even a Canadian draft agreement. We are being asked to do so at a time when the Americans and the Europeans are still fighting over farm subsidies and when it is a long way from being clear whether or not GATT will ever go into effect. One begins to wonder if the Canadian government truly understands that the GATT agreement has yet to be signed and it has clearly not gone into effect. Even if it did, honourable senators, what is absolutely incredible to me is that even if you take a best-case scenario from the government's point of view and assume that the GATT agreement as now drafted was signed tomorrow, Bill C-91 still does not need to be retroactive.

Article 65(1) in the text of this draft agreement states as follows:

> No party shall be obliged to apply the provisions of this agreement before the expiry of a general period of one year following the date of entry into force of this agreement.

You see, honourable senators, even if the GATT agreement is signed tomorrow, the provisions of Bill C-91 will not legally have to come into force until December 16, 1993; not retroactive, as this government has done back to December 20, 1991. I would argue on the basis of the GATT agreement alone, that that is not justification for this bill.

Let us look at the government's other argument for retroactivity, that it must enact Bill C-91 to comply with the recently signed North American Free Trade Agreement (NAFTA). Again, let me remind members of this chamber that the NAFTA agreement, like the GATT agreement, is not yet law. What is even more curious—again, an interesting fact which appears to have been carefully ignored by members opposite—is that under the draft NAFTA agreement, Mexico is given eight years to comply with the patent provisions while Canada is granted no adjustment period. Apparently Canada's great negotiator, Mr. Mulroney, felt that our experience with free trade was such that an adjustment period was not necessary for Canadians. Therefore, we are apparently going to get no adjustment period; Mexico is going to get an eight-year adjustment period; and all of this change is taking place at a time when health care has become a major issue for the new American administration.

Let me illustrate that latter observation with a quote from the December/January 1993 issue of *Canadian R & D Manager*. That trade publication quotes Congressman Henry Waxman, one of President-elect Clinton's key advisors on health care, as saying the following:

> Canada has found ways to control prescription drug prices and it is time for the United States to get on the bandwagon [of compulsory licensing]" says Senator Henry Waxman. . . [Waxman] is expected to play a prominent role in developing health care policy in the new Clinton administration.

The Hon. the Speaker *pro tempore:* I point out that the honourable senator's time has expired, unless there is consent to continue.

Senator Kirby: May I have five more minutes?

Hon. Senators: Agreed.

Hon. John Lynch-Staunton (Deputy Leader of the Government): You are giving us excellent material for rebuttal.

Senator Kirby: I thought I would at least give you some accurate facts, rather than the facts which you have been using. At least if you intend to rebut the argument, you ought to base it on real numbers, not the kind of fictitious ones you have been using.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): It is excellent material. Keep on going.

Senator Kirby: It seems to me ironic that at a time when our biggest trading partner, the United States, is thinking of adopting the Canadian system of compulsory licensing, the Mulroney government is planning to terminate it. This does not meet my definition of what the government calls the "level playing field" argument. The only conclusion you can draw is that the kind of field that this government wants to

level is the one where large pharmaceutical companies like Merck Frosst rack up record profits and in which Canadians drug prices are brought much closer to those of the United States. American drug prices are, as I think members of this chamber know, already among the highest in the world. To level the playing field seems to be to raise Canadian prices up to the level of the highest in the world at the same time the government of that country is looking for ways to lower their prices Canadian levels.

I point out to you that the reasons for retroactivity clearly have nothing to do with GATT and NAFTA. We are left in the position of having to speculate as to the real reasons the government is trying to spend so much more of Canadian taxpayers' and consumers' dollars and why it is trying to give that money to multinational drug companies. Of course, one can speculate that if there is no public policy reason for doing so, then there must be a political reason. I do not understand what the political reason is, because it is very clear when one looks at the situation and listens to what Canadians think of this bill, that if there is a political message associated with this bill, it is one of political suicide rather than political benefits.

The fact of the matter is that it certainly seems to have an element of political reward of some kind. While one cannot establish that clearly, it is interesting to observe the size and nature of the benefits that accrue to some of the players in this game. It is a fact that nine of the 42 drugs which will be affected by the retroactivity provisions of this legislation are made by one company, Merck Frosst. One study shows that these nine drugs alone will benefit Merck Frosst by as much as $675 million a year in sales by the year 2000. Indeed, by the year 2000, the cumulative total added revenue for Merck could well be in excess of $1.3 billion.

Let me illustrate that by putting that simple retroactivity provision in context by looking at one Merck Frosst drug, Enalapril, and what will happen to it if Bill C-91 becomes law. Enalapril is a cardiovascular drug which is Canada's top selling drug product in its field. In 1992, its sales volume was estimated to be $120 million, an increase of 31 per cent in 1992 over 1991. Under the current legislation, Enalapril could have compulsory licence competition as early as August of 1994, roughly 18 months from now. If Bill C-91 passes, the most recent patent for Enalapril will not expire until the year 2008 instead of 1994. If a generic manufacturer was allowed to produce Enalapril under a compulsory licence, the savings to Canadian taxpayers on that one cardiovascular drug alone would be $319 million by the year 2000.

When you look at numbers like that, it is not hard to understand why these large drug manufacturers are so interested in this bill, but it is impossible to understand any conceivable rationale for its retroactivity. The retroactivity provisions simply seem to be ridiculous. When you look at the data, you find that in return for so-called R & D expenditures of $500 million —although the number keeps changing every day as the drug companies get marginally more nervous about what is going to happen here —$500 million will only bring them up

[Senator Kirby.]

to the average R & D expenditures in every other industrialized country. However, in return for that $500 million, the pharmaceutical companies will get $1.7 billion in new revenues by the year 2000 and $4 billion in new revenues by the year 2010.

To any business person, that is not a bad investment. It is a three-to-one payback in eight years and a seven-to-one payback in 18 years. That is not a bad investment, and obviously anyone would take it. However, that investment will be paid back at the rate of three to one by individual Canadian citizens.

If nothing else was to be changed in this legislation, retroactivity is the one provision that ought to be changed because there is absolutely no public policy defence of it. The defence of that retroactivity provision based on GATT and NAFTA is simply not true. It is a totally false and specious argument.

In summary, it does seem to me very clear that Bill C-91 is a most unfortunate, wrong-headed, and indeed dangerous piece of legislation. The foreign-owned pharmaceutical drug companies do not deserve it, and the Canadian taxpayer does not deserve it. Most of all, Canada does not deserve a government that takes money out of the pockets of Canadians and gives it to foreign multinationals when there is absolutely no public policy reason — although there may be political reasons—for doing so.

Bill C-91 is the worst piece of legislation to come along in this chamber since the GST, and it is for that reason I would urge members opposite to listen to the wishes of Canadians, listen to what the people across this country are saying, listen to what the average Canadian really wants. For once, ignore the orders of the Prime Minister and decide to join us in defeating this bill.

Hon. John Sylvain: Would the honourable senator answer a question for me, please?

Senator Kirby: Yes, of course.

Senator Frith: Are you now or have you ever been a Communist?

Senator Sylvain: One of the points you raised—I presume it is an important point because you raised it three times—has piqued my professional interest. You mention that one of the main reasons that the drug companies do their clinical research and development in this country is that they obtain lower insurance rates in this country.

Senator Kirby: I understand why it piqued your interest.

Senator Sylvain: I thought you would understand that very well. Since it would be nice information to have, I wonder how you went about determining this. You have given us numbers on just about every other aspect of your speech, but there were no numbers associated with this. As far as I know, there are no Canadian insurance companies in this business. Only the very large multinationals and the very large reinsurance companies are in this business and will insure this type

of risk. Usually when they do, however, it is with something like a $10 million deductible.

Does the honourable senator have any numbers to back the statement he made? Also, if he has the name of a good company that I could use, I would appreciate it.

Senator Kirby: Honourable senators can tell from the number of facts that were in my speech that they came from a wide variety of sources. I will endeavor obtain the source for the honourable senator. From my recollection, it was the General Accounting Office report in the United States, which would account for access to the international comparisons. But I am not certain. I will be glad to provide the data.

Senator Sylvain: Perhaps the honourable senator would also be good enough to specify whether a drug manufacturing company in the United States pays on the basis of its sales in different countries, wherever it buys the insurance. The rates for each country differ and on that point, the honourable senator may be correct. However, the insurance could be bought in the United States, the research done in the United States and the rate on the products sold in this country would be lowered. That is the point on which I would like a comment.

Hon. Herbert O. Sparrow: When the present conservative government is soundly defeated in the next election—and it will be—and there is a more sympathetic, compassionate and honest government in power and there is a bill before this house to rescind the provisions of Bill C-91, would the honourable senator then vote to rescind the provisions in this bill?

Senator Kirby: I would in fact vote to rescind certain provisions in this bill for two reasons. First, I believe there will be some debate that if GATT and NAFTA go into effect in their current form—which is debatable—it is my view, and that of a number of legal experts, that rescinding the bill is still possible because of the provisions of GATT and NAFTA. I would certainly vote to rescind it.

Hon. Wilbert J. Keon: Honourable senators, I rise tonight to express my support for Bill C-91, which, although dealing with a tremendously complex subject, as Senator Kirby described, in my opinion will accomplish two important objectives for our country.

In the first place, it will extend by an average of approximately three years, from 17 to 20, the period of market exclusivity for the pharmaceutical industry which will make it equal to other industrialized countries.

In the second place, it will substantially strengthen and expand the regulatory and disciplinary powers of the Patent Medicine Prices Review Board, established five years ago following the passage of Bill C-22.

By achieving these goals with the passage of this bill, we will set in motion a series of consequences which I believe will result in substantial long-term benefits to Canada, even though there may be some short-term disadvantages.

Honourable senators, I have been a doctor for 30 years. Throughout that time, I have listened to both sides of this debate. After qualifying as a doctor, I pursued post graduate medical research at McGill, Toronto, and Harvard universities. I have worked in the system north and south of the border. I am proud to be Canadian and I am extremely proud of our Canadian health care system. I would not want to see anything transpire which could damage it.

Since returning to Ottawa in 1969, I have been an active member of the University of Ottawa Medical School and I have dedicated my career to bringing the latest basic and clinical research to the patient's bed side.

Throughout this period, like all doctors, I have had continuous contact with the pharmaceutical industry. As a member of numerous medical research teams, I can attest first-hand to the benefits of the continual support the industry can provide.

Recently I also had the pleasure to serve as a member of the National Advisory Council on Pharmaceutical Research. As a former vice-president of the Medical Research Council of Canada, I am acutely aware of the dire need for substantially greater funding faced today by the Canadian medical research community. This country has abundant scientific and medical talent, but if that talent is to be fully exploited, it must somehow be adequately funded.

More importantly, university-based researchers must be in constant interface with reliable industrial partners who can take their discoveries to the world market from a Canadian industrial base. Only then, can we provide a viable financial base to preserve our cherished health care system.

Last January, the Minister for International Trade announced the government's intention to introduce Bill C-91 for passage during this session of Parliament. This bill, I believe, can help accomplish increased university-industry collaboration in medical-related research.

Canada has many unique institutions and arrangements, many of which are the envy of the rest of the developed world. Perhaps the most outstanding of these is our system of universal health care and much of the debate surrounding Bill C-91 in the media and in other places has centred on the effect the bill will have on this system.

In recent days, the honourable Michael Wilson has stated that the truth has been the real victim in this debate.

Pharmaceuticals cost the national health care system about 7 per cent of the total health care budget, including the wholesale and retail mark-ups of dispensing fees. Nevertheless, to a layman that is a huge amount of money, approximately $4.6 billion in 1991. In its report for 1991 the PMPRB found that the estimated suspected excess revenues beyond its guidelines for new drugs was about $.7 million or approximately .015 per cent of the total drug bill. The cost of such excessive pricing was less than three cents per Canadian.

I suggest to you that the public will not and should not buy into the excessive claims made in recent weeks by opponents of Bill C-91.

As a physician who is deeply concerned about the state of our health care system, I am a strong advocate of the availability of generic drugs. However, the generic industry is claiming that Bill C-91 will have a devastating effect on it. It made the same claim in 1987 prior to the passage of Bill C-22.

There is virtually no detailed financial data available regarding the generic industry. However, I have to say that I am sceptical of its claims. Independent studies show that since 1987 the generic sector has been growing considerably faster than the total pharmaceutical sector in Canada. In fact, two of the 10 largest pharmaceutical manufacturers in Canada are now generic companies. Europe and the United States have healthy and growing generic drug industries and they have not enjoyed the preferential treatment which the Canadian industry has had since 1969.

While I support this bill, that is not to suggest that I am prepared to see a return to the situation which existed prior to 1969. As I have already stated, I have been a doctor for 30 years and I know firsthand the pharmaceutical industry's excesses which finally led to the introduction of compulsory licensing in 1969.

For the past 30 years, in typical Canadian fashion, we have been evolving a uniquely Canadian solution to the problem of excessive drug costs. Compulsory licensing was a Draconian step in the search for an acceptable and equitable solution. By the early 1980s, however, the Liberal government of the day had recognized that compulsory licensing was detrimental to the development in Canada of a competitive pharmaceutical industry. The industry's R & D expenditures as a percentage of sales fell after 1969 and were stagnant during the 1970s. In 1982, the then minister of Consumer and Corporate Affairs, the Honourable André Ouellet, announced that the government intended to review the system of compulsory licensing. In the spring of 1983 his successor, the Honourable Judy Erola, announced the establishment of the Eastman Commission to advise the government on the matter. Dr. Eastman made his report and recommendations to the present government, which introduced Bill C-22 in 1986.

In my view, Dr. Eastman's most important recommendation was for the establishment of the Patent Medicine Prices Review Board of which he has since been chairman. The board moved promptly to establish guidelines governing the introductory pricing of new patent drugs and, in light of several years' experience, Bill C-91 proposes strengthening the board's ability to police and enforce these guidelines.

In light of my pre-1969 observations, I strongly support these developments. I can tell you, however, that these present guidelines, particularly as they apply to new "breakthrough" drugs, are often imprecise, and this often leads to the perception that introductory prices may not be in compliance with the guidelines. I would therefore urge the board and the industry to work together toward clarification so that there will be a greater certainty in the future. I would further suggest that all of us are obliged to observe this process very carefully.

[Senator Keon.]

I would like to offer a few observations on the likely near-term effects of the passage of Bill C-91. This bill will delay the introduction of generic copies of 16 drugs for about three or four years. Based on the current utilization of these drugs, the government has estimated that the additional cost to the health care system between now and 1996 will be in the area of $125 million to $150 million. Cost projections running as high as $7 billion by the next century are meaningless as today's drugs will, by then, have been replaced by better therapies.

What will we get in return for this additional cost? At the present time the PMAC members have already pledged and announced new investments in R & D expenditures in excess of $640 billion. Some question whether these expenditures will ever occur. In 1987, the industry pledged to increase R & D expenditures from under 5 to 8 per cent of sales by 1992 and to 10 per cent by 1996. Accordingly, the indsutry's R & D sales ratio stood at 9.6 in 1991. In 1987, the industry pledged to keep the rate of patent medicine price increases below the rate of inflation The PMPRB reports that for the period July, 1987 to December, 1991 prices increased by only 2.9 per cent compared to the 4.7 per cent allowed by its guidelines.

I can see no reason to doubt the sincerity of the industry's current commitment. I am also not naive enough to suggest that there will not be breaking of the rules, but I do believe the process can deal with that. As a practicing researcher and clinician I have observed a relationship between basic and clinical research and Canada's position vis-à-vis other countries, and here I will take issue with Senator Kirby.

It has been suggested by some commentators that Canadian pharmaceutical R & D, particularly basic R & D, lags far behind that of other countries. This perception is wrong. The PMRB reports that in 1991 the Canadian pharmaceutical industry spent 26.5 per cent of its total R & D expenditures on basic research. I have been close enough to the research community to know firsthand that large numbers of good basic scientists are being supported by the pharmaceutical industry.

The latest R & D data published by the PMA in Washington reports that the U.S. basic R & D expenditures for 1988 and 1989 are 27 and 26.7 per cent respectively, the same as Canada. As a Canadian medical researcher, therefore, I believe that our basic scientists are as good as any in the world.

Further, those who raise these criticisms do not understand the relationship between basic and clinical research. Basic research can be carried out by relatively few people and success or proven failure is usually achieved in a matter of two or three years. But even though there is success in this initial stage, it takes years of careful testing for toxicity and other possible side effects in the human application of these drugs before they can be marketed. The clinical phase can often involve hundreds of researchers and physicians and thousands of patients, and continuity is of tremendous importance.

Furthermore, much of this clinical testing is mandated by government regulations. Canada has one of the world's most highly regarded medical and scientific training systems, and our public health care system is the envy of most countries in the world. These national advantages make Canada an ideal place for the global pharmaceutical companies to conduct clinical trials. The payoff for Canadians is that our medical profession gets early firsthand knowledge of new drugs and the latest innovative treatments are made available to patients at an early stage.

The Hon. the Speaker *pro tempore*: Honourable senators, I must point out that the honourable senator's time has expired. With leave he may continue.

Hon. Senators: Agreed.

Senator Keon: Thank you, honourable senators. There is no justification to claim that clinical trials are second-rate research. They are a fundamental component of first-rate research and any project that does not have clinical trial components is incomplete.

While we in Canada have spent the last few months criticizing the pharmaceutical industry and the level and scope of R & D efforts, there have been government reports in the United States which have been turning to our example for solutions to their problems. Senator Kirby just referred to this and I am referring to it from the other side of the equation.

A recent congressional GAO report found that drug prices in Canada are about 30 per cent lower. In other fora, American commentators have been looking to the Canadian industry's voluntary example of the policing of the world's highest standards in ethical marketing and advertising practices.

In conclusion, while I recognize that, like any other major industry, the pharmaceutical industry has its shortcomings, it is a business like any other business and deserves to be granted fair and equitable treatment under the Patent Act. In recent years, by and large, it has been an outstanding corporate citizen in terms of price constraints, and has increased its R & D spending by over 300 per cent since 1987.

I have no reason to doubt its commitments for the future. At the same time, however, I have a long and clear memory of the situation before 1969, and I support strongly the proposed strengthening of the disciplinary provisions of the Patent Medicines Prices Review Board. I would again urge that, following the passage of this bill, the board and industry reach an early agreement on the clarification of guidelines for the introductory prices of new drugs.

For 30 years in Canada, we have been groping for a fair and equitable resolution to the sometimes conflicting interests of the pharmaceutical industry on the one hand and the general public on the other. I believe that providing the pharmaceutical industry with equal patent protection, while ensuring constant vigilance by the PMPRB, will be recognized as an example for other countries who are only now coming to grips with these problems.

Honourable senators, in recent decades, all levels of Canadian governments have too often focused their efforts and taxpayers' money on supporting marginal projects and declining industries. By providing a level playing field for the pharmaceutical industry, we stand to advance our medical research capacity to a degree that would not otherwise be possible. By strengthening and supporting the PMPRB, we will be shining a light on the industry's activities so as to safeguard the public's access to reasonably priced medicines. This is the logical conclusion of a review process initiated by the last Liberal government, and which has been cautiously pursued by the present Conservative government.

I urge all my honourable colleagues to support the passage of this bill and allow our university industry partners to get on with the job of developing an industrial base for the betterment of our country.

Hon. Raymond J. Perrault: Would the honourable senator permit a question? Before I left British Columbia, a matter of importance came to my attention raised by a member of the medical profession. He said he resents very much what he alleges to be the non-stop "wooing" by the pharmaceutical companies. He says they spend millions of dollars per year on samples, most of which end up in a wastebasket. They wine and dine doctors, take them to exclusive clubs, and give them gifts.

I want to ask the honourable senator whether or not this alleged public relations "technique" of the pharmaceutical companies is confined only to the greater Vancouver area, or are the public relations representatives of the companies active in the Ottawa Valley as well? Is it proper to ask for such costs to be paid by taxpayers, hard pressed and more of them on stress medicines these days?

Senator Keon: There is no question that pharmaceutical companies do entertain physicians and, in my opinion, do waste a great deal of money on advertising that accomplishes nothing. However, the guidelines for most academics who are doing research forbid them to participate in any activity from a pharmaceutical company that is an industrial partner of that university. Therefore I do not believe that too much of that behaviour is related to people who are involved in research. However, the matter that you have raised is quite correct. There is a great deal of money, in my opinion, wasted on that type of non-productive activity.

Senator Perrault: Thank you very much, Doctor.

Hon. Norbert Thériault: I wonder if the good doctor would permit me a question. Honourable senators, I am almost too nervous to ask the question, but since I am here and able to ask a question, I think I ought to do so. I do not question the good doctor's ability, or his knowledge of the medical field. I know how involved he has been in his work. I know how busy and how dedicated he has been.

Senator Lavoie-Roux, you should take note, because I am about to ask the doctor a question that affects you as a Quebecer.

Given all that involvement of the good doctor, he could not have had much time to look at the financial aspects of the pharmaceutical companies. He already admitted two things which bother me. He has quoted some figures and costs. The people in my little province of New Brunswick are concerned. The actual Government of New Brunswick, although it is supposed to be a Liberal government, is known by some people to be very conservative. The government there says that Bill C-91, if it comes into effect with the retroactive clause, will cost the Department of Health in New Brunswick $15 million in the first year of operation. The government of New Brunswick is not advancing these figures unless they are very conservative.

The government of New Brunswick goes on to say that this increase will wipe out all the efforts they have made to keep down the costs of health services in the province of New Brunswick. We are not a very rich province. With one stroke of the pen, when Royal Assent comes, the taxpayers of New Brunswick will spend $15 million. We are less than 3 per cent of the population. We do not have the most extravagant health care in Canada.

These figures are not from the generic drug companies, nor from the PMACs, nor from the government, nor from me. These figures would mean that in Canada, in the first year alone, based on the New Brunswick figure, there will be an increased cost of $500 million. That will mean almost $100 million for the province of Quebec.

I know there will be some benefits. I know there will be some jobs. I know that we need research. I know that we need scientists. But what price can we afford to pay?

First of all, I am sure you know, honourable senator, that the controlling of prices is not a federal matter. It is a provincial matter. The price review boards will not have the power to review and reduce prices.

You will know, honourable senator, that Dr. Eastman's report did not recommend the passage of Bill C-22. You said yourself, and you know better than anybody else in this country as far as I know, that we have benefitted from the 1969 legislation that permitted compulsory licensing for generic manufacturers.

An Hon. Senator: What is the question?

Senator Thériault: The question is, are you prepared to accept the figures that are provided by the PMAC people, as you seem to indicate? They are exactly the same figures that the government is using. If the government were using a different figure than PMAC, I would have more respect for what we are hearing. What is your opinion?

Senator Keon: My opinion, which I thought I had expressed, is that there is an obligation on the part of all of us to watch this situation very carefully. If the kind of inflationary phenomenon you just described occurred in your province, there would be public outrage, and we would be back to where we were in 1969. That, indeed, would be a retrograde move for everybody.

I really do not believe that will occur. There may be some increases in prices but I do not believe they will be of that magnitude. I think we are evolving a system that is really relatively safe, and which can make us very competitive in the world in this whole field of research and industry. If we can do that, we can certainly increase the tax base in Canada and plough some of that back into our health care system.

• (2130)

Senator Thériault: I am glad to see that you are an optimist and a dreamer.

Hon. Jerahmiel S. Grafstein: Does the senator believe that if prices seem to increase inordinately under this legislation, the board has the power to roll back prices?

Senator Keon: As I read the legislation this board appears to have a lot of power. They have the power to throw people in gaol who break the rules. That is pretty powerful. One has to wait and test the system, but there appears to be a lot of power.

[*Translation*]

Hon. Pierre De Bané: Honourable senators, I would like to say that I too was among the many patients of my colleague, Dr. Keon. I would like to thank him as well as his team and colleagues for taking care of me during that difficult time.

I must say, Dr. Keon, that I very much appreciated your most impartial and sincere speech today. You certainly enhanced the quality of debate in this house. I would like to thank you for your participation.

[*English*]

Senator Grafstein: Honourable Senators, I rise to oppose the steamroller measure introduced by this government in the 1990s, designed to flatten a progressive legislative vision that many of us on both sides of this chamber so passionately fought for in the 1960s.

Honourable senators, C-91 is an act to amend Canada's Patent Act respecting drugs. The purpose, amongst other things, is to eviscerate Canada's land-mark system of compulsory pharmaceutical patent licensing. Bill C-91 will extend the life of monopoly patents of foreign-owned multinational drug corporations from seven to 10 years. This increase is being granted despite the growth of sales and profits these monopoly owners have enjoyed in Canada since 1987 when Bill C-22, the predecessor legislation, was enacted.

Bill C-91 also proposes to eliminate compulsory licensing for generic drug companies retroactively to December 20, 1990, and in the process provide retroactive monopoly protection to the drug companies. As well, the comprehensive statutory review of the Patent Act, which was promised in Bills C-92 and C-22 to take place in 1996, will now be scrapped and substituted for a far more limited, rather toothless parliamentary review.

Honourable senators, these past two weeks have been bad weeks for me. First, the Senate moved second reading of Bill C-63, which eliminated the National Law Reform Commission of Canada, an institution that I was actively involved with as an adviser and in its creation. Now I find that Bill C-91 sets out to destroy or undermine the foundations of land-mark legislation first introduced in 1967 by the then Honourable John N. Turner, who was at the Minister of Consumer and Corporate Affairs.

I served as a special adviser to that department advising the department and the government with respect to amendments to the Patent Act. That act, introduced in 1967, established the system of compulsory drug licensing. This was done, as honourable senators have pointed out, because at the time Canadian drug prices were among the highest in the world. That bill was fought bitterly by the drug lobby. By 1983, the Eastman report calculated that the drug multinationals had lost only 3.1 per cent of the Canadian market to generic competition and the profit levels of these multinational drug companies were still higher than most of the countries in the world. Now this land-mark legislation, which so aided the medicare system, and which the new American government wishes to emulate, is being ripped up. We move to a rather fragile economic field with little economic information and many possible dangers that can only undermine our medicare system if these dire predictions come to fruition.

All of this, honourable senators, is in aid of the extension of monopoly power. We are told that all of this added monopoly protection is to promote freer trade. What irony. There are no adjustments under the North American Free Trade Act offered to companies; and no adjustments are offered to Canadian companies that have suffered under the Free Trade Agreement with the United States, However, the drug companies, amongst the most profitable companies in the world, are offered not only adjustment but also statutory protection. Furthermore, we are told that Bill C-91 is an imperative, in order for Canada to harmonize with the United States and Mexico in our future trade relations under NAFTA and to match the harmonization of similar legislation by our GATT partners, to be approved, as has been pointed out by the GATT nations.

We are indebted to our colleague in that other place, the Honourable Lloyd Axworthy, who in a speech on December 9 pointed out that GATT, under article 31(*b*), provides for exemptions or waivers "in cases of public non-commercial use". Mr. Axworthy points out that the public health system in Canada, if anything, is certainly a public non-commercial use. He goes on to point out that in article 8 of the GATT, this particular provision establishes the basic principle under the GATT agreements that Canada has the right to defend its public health and social economic system.

Furthermore, as Senator Kirby has pointed out, as we turn to NAFTA we find out that mexico, also concerned with its system of drug payments and drug costs, has been able to negotiate with Canada and United States an eight-year transition period for its drug companies.

Some international trade experts, honourable senators—and this is where the most dangerous part of this legislation is found—have concluded that since our compulsory drug licensing legislation pre-dated GATT and therefore was grandfathered by amending our compulsory process, we will not be able to go back to the happier days of protection. We will have lost the grandfather rights. In other words, if we rip up the compulsory bill, we will not be able to return to it after the imposition of the NAFTA or the GATT. We will have lost the ability to go back, if the proposed regime does not work out.

● (2140)

How difficult it is to follow Rudyard Kipling's advice to keep one's head while all around others appear to be losing theirs. It is most difficult to follow in economic terms, or international trade terms, how the public purposes will be served by this legislation.

We start out with a breach of sacred trust—another solemn statutory promise -- made to Canadian consumers and the Canadian generic drug companies alike that there would be a comprehensive statutory review in 1996 to determine whether the promises made for increased research and development and modest price increases would be achieved under the Patent Act of 1987. Instead, as we have witnessed this evening, we are confronted with a gulf of statistics as to the impact of this new legislation.

There are simply two schools of statistics, and no way whatsoever under the current legislation or the committee study, that we will be able to determine in the time allotted to us an approximation of the truth without an independent, comprehensive study of costs as it relates to prices, and costs and expenditures as it relates to research and development.

The patent industry says that the increase in drug prices over the next years will be roughly $550 million. Critics within Canada and the U.S., we have been told this evening, have said that this bill will increase prices to the Canadian consumer by over $6 billion to $7 billion in the next six to seven years. The Ontario government tells us that this bill will cost Ontario taxpayers at least $1 billion more in increased drug prices by the end of the decade, while the federal government and multinational corporations say the costs will be less than $500 million.

The numbers simply will not sit still. We are oceans apart on the statistics. Who are we or the Canadian public to believe? The gulf of credibility is simply too wide.

The government tells us that prices have increased since 1987 by 2 per cent to 3 per cent, whereas critics tell us that drug prices have increased by 11 per cent to 14 per cent. Who is the Canadian government to believe? What is the source of these statistics?

The government's statistics emanate from statistics mostly provided by the drug companies who are now crying for additional monopoly power. Most of the drug companies are subsidiaries of foreign-owned multinational corporations. The Canadian public and government simply do not have access to

do overall, internal financial statistics. Instead, we are left with a toothless price review mechanism which would not have the power to roll back prices, and which accepts data essentially submitted by the drug companies without staff, budget or power to undertake the independent, comprehensive, internal financial audits that these numbers warrant.

Meanwhile, in Europe, many of the GATT states with whom we are seeking to harmonize our system, have much tougher price-enforcement mechanisms on one hand, and a cap on drug profits on the other hand to counter gouging. We in Canada have neither. Thus, we harmonize by matching the monopoly power in Europe, yet providing no effective safeguards, no effective curbs, no effective roll-backs and no restraints on the monopoly power.

We do have public exposure, but whether or not the actual powers to roll back prices, to review, to examine, are strong enough bears some discussion. We hope that we will explore this actively when the bill is referred to the committee.

We are told by Dr. Eastman, in his report on the pharmaceutical industry in 1985, that without compulsory licensing the high prices and profits would induce the multinationals to direct their research not toward new drugs but to the reformulation of brand name leaders. Eastman tells us this in his report:

> This form of competition does not result in lower prices since firms incur heavier promotion costs to promote their competitive brand. Compulsory licensing avoids the waste of resources used in imitating successful product and in promoting the imitation ... Moreover, competition from generic firms, these products compete on a basis of price, results in a greater reduction of costs to the consumers.

Yet, the government now scraps or eviscerates the very compulsory licensing process that has served the Canadian taxpayer and our medicare system so profoundly.

Honourable senators, what are we to make of this conundrum? There are massive differences in price increase estimates. There is no understanding of the profitability of those drug firms who now seek extended legislative monopoly protection and power. There is no information about the rate of return on individual drugs or overall rate of return on capital. There is no understanding of profit margins on an overall basis. There is no statutory power to roll back prices. There is no definition of research, no definition of jobs, high-tech, low-tech or clinical. There is no statutory power to rescind the legislation if the promised research and development is not made. There is not even a sunset clause.

Was not the comprehensive statutory review promised for 1996 in Bill C-22 the appropriate way to deal with this monumental conflict in statistics before we jump to transfer sovereign economic power from Canada to external market forces? Do we not know what drug prices we have fully developed in Canada? We do not know whether taxpayers' investments in research and development in these drug monopolies would be better utilized in different industries, where Canada could be an international leader and could open up export markets.

[Senator Grafstein.]

One-half of the estimated research promised by these drug monopolies will be paid by the Canadian taxpayers through an increase in our deficit. Our taxpayers are double victims. With higher drug prices we will pay a higher deficit in taxes for write-offs by these research provisions. We are stakeholders in this research. We are entitled to know what the return will be for our increased deficit for this research. We do not have reliable data to show to what extent exports will occur under this so-called harmonizing regime.

We are asked to play a game, a game of blind man's bluff in which the stakes are gigantic. We are talking about a quantum increase to our burgeoning deficit and our accelerating national debt.

Surely, the Canadian government after over 30 years of experience as fiduciary trustees of the taxpayers' dollars would wish to set a higher standard of care before it embarks on this mindless journey into the economic unknown. We hope that in the course of the hearings before the committee, light will be shed on these vital issues.

Our colleague Senator Stewart, in his brilliant book on David Hume, the public philosopher, noted, "Hume couples benevolence and justice together as social virtues."

This bill denies justice to the generic industry and to Canadian consumers, and supplants benevolence to drug monopolies who have become agents in this government-induced profligacy of our medicare system.

In the spirit of the season, perhaps those who celebrate peace on earth should remember the teachings of one who said:

> What shall it profit a man, if he shall gain the whole world, and lose his own soul?

What does Canada gain by harmonizing itself with the world if we suffocate the benevolent soul of our medicare system?

Senator Sparrow: May I ask the honourable senator a question?

Senator Murray: Is the honourable senator in his right seat?

Senator Sparrow: Would you mind waiting until I get there? I asked this question of the previous speaker. If and when the present government is defeated, as they will be, and a new government is in power and there is a bill before this house to rescind the provisions of Bill C-91, would the honourable senator vote at that time to rescind those provisions?

Senator Grafstein: First, I think that is an unfair question in one respect and I will answer, if the rules permit, in the second respect. My concern is that if we do, in effect, undermine the compulsory drug legislation, we will lose the grandfathering provisions that we had, because this legislation

pre-dates GATT and certainly pre-dates NAFTA. By passing this legislation into law we put ourselves in the position of being under the regime of GATT and NAFTA, because I assume by that time we will have entered into those agreements. However, if we could have the power to do so and not breach GATT in a retrospective way, I certainly would take a look at returning to the earlier regime of compulsory prices, because to my mind that is the best way to stimulate competition and lower prices.

Senator Sparrow: Honourable senators, I have a further question, if I may. Surely the Government of Canada has the power and the ability to determine on behalf of Canadians what is best for them. Regardless of whether we enter into the GATT or the NAFTA, surely Canada's government does not lose the power to change legislation.

Senator Grafstein: I am not an expert on the GATT, and certainly not an expert of the NAFTA. Lloyd Axworthy has pointed out in the other place that under the provisions of the GATT there is ample room to claim exemption for our medicare system. We can demonstrate that the medicare system is not commercial, and that the generic drug policy effectively goes to the heart of our medicare system.

I am not clear on how those definitions apply. If he is correct, we could return to that former state. However, I am not expert enough to deal with that particular issue. My concern is that, once we enter into a multinational agreement, we will have difficulty withdrawing ourselves unless we pull out of the entire agreement.

[*Translation*]

Senator Thériault: Honourable senators, first, I must admit that I listened very closely to what my saviour, Dr. Keon, said and his remarks did make an impression on me, as far as medicine and pharmaceuticals go.

I must also say that I was around before 1969, and I repeat it because I went through the experience of passing Bill C-22 in 1985, 1986 and 1987. I knew what it was like before 1969 and after 1969 as minister of health in my province. I know the benefits it gave to my fellow citizens in New Brunswick. It enabled the Government of New Brunswick to obtain services and medicine for people who could not afford them and which the government could not afford at that time either.

I am not unbiased when I try to consider the facts and speak on how I see this legislation. Also, I may have been overly impressed when I first read the book called *Strong Medicine*, if I remember the title correctly. True, it is a somewhat fictional book by Arthur Hailey, I believe, on the worst aspects of the pharmaceutical industry.

First, in strictly political terms, the present government does not have the moral authority but only the legal authority to pass this legislation. They are in their fifth year in power. For the past three years, they have had the support of between 10 and 15 per cent of Canadians. They will pass this bill that will have long-lasting effects although the people should already have had a chance this year to say whether or not they want this government to continue in office. If they want it, so much the better for this government and too bad for the people—this is a democratic country.

Second, the government should not do it. Third, the main reason is for not going ahead that all health ministers and all provincial governments except Quebec are definitely opposed to this legislation because they will have to provide services in the coming years and this will put them in a position where they can no longer provide the medicine that they now give to patients, to people in hospital, to welfare recipients. Especially, with the unemployment rate we have now, the new unemployment insurance regulations mean that many more people will have to survive on social assistance. Governments will no longer be able to afford the cost of current medical or drug programs.

It looks like the present government is stuck with some promises it made. The Americans are reviewing their Public health care philosophy. Compared with what Canada has been doing for the past 30 years, as Dr. Keon pointed out, since the 1969 legislation, in Canada we have been able to get patients the drugs they need more cheaply than any other developed Western country. So we can quote—I had already prepared a text which I think I will scrap, because it more or less repeats what my colleague Senator Kirby said. He covered the whole range, and Senator Grafstein as well. But let's look at the facts and assume the generic companies are exaggerating the situation. To support their position they went to get the experts. You and I know that experts are hired, and you can make them say more or less what you want. So we had all kinds of reports that told us it would cost x million dollars. I am inclined to agree with Dr. Keon, and I think Senator Beaulieu said so yesterday, that predicting how much it will cost 17 or 20 years down the road is faintly ridiculous.

For instance, in my experience, the government of my province, the New Brunswick Department of Health and health departments in all other Canadians provinces can tell you what it will cost next year.

The government of my own province says that if we approve Bill C-91, it will cost taxpayers in New Brunswick $15 million more for programs provided for the benefit of certain people in New Brunswick. So if I multiply that—we represent less than 3 per cent of the population—this means that next year, we will all pay $500 million more.

If this were an industry that needed a price increase, if it were in financial trouble, I would say, let's give them a chance. Everybody knows not many of those companies have gone bankrupt, very few are not making a big profit, and not many of us would turn away from investing in these companies, given the chance. So there is something wrong here. In 1987, when Bill C-22 was being discussed, it said in the legislation that we would review this program in 1996. That is less than four years off. It is almost 1993. Why is the present government in such a hurry to review this program, this legislation, to give more power to these companies so they can make a lot more profit? Across the country, people are asking questions. In all the newspapers, commentators who don't have an

axe to grind are saying openly that something is wrong here. In fact, why are Canadians so cynical about the present government? Because they know the pharmatical companies pay millions and millions of dollars to consultants. These consultants are friends of the government. We can name them. We know them. In 1986-87, they were paid millions and millions of dollars. Stevie Cameron has this to say:

• (2200)

[*English*]

> Mr. Mulroney's ministers are unapologetic about PMAC's influence; extra patent protection was a priority of both the Reagan and Bush governments, with which they agreed. As Consumer and Corporate Affairs Minister Pierre Blais said last week in defending the government's intention to ram through Bill C-91 —

He is talking about ramming it through the other place —

> — which gives even more patent protection: "We are the government and we have to make decisions."
>
> Bill C-91 will give brand-name companies three to five years extra patent protection on their drugs. Canadian generic drug makers say the bill will raise the cost of drugs in Canada by $1-billion by the year 2000; the government tries to counter this claim by saying the bill will be only $100-million more a year.

Why are people so clinical?

Senator Murray: I wonder if my honourable friend has any information on the arrangements between the generic companies and their lobbyists and the efforts that the generic companies are making to influence public policy on this matter?

Senator Thériault: I am sorry, I did not hear the first part of the question.

Senator Murray: Does my friend have any information—I am sure he must have, or can obtain it readily—on the efforts of the lobbyists and others promoting the generic industry cause in connection with this bill?

Senator Frith: We have experience. They make their own calls.

Senator Murray: Contingency fees?

Senator Frith: They might have.

Senator Thériault: The information that I have is that PMAC has paid about 10 times as much to their lobbyists.

Senator Cogger: Where did you get the information?

Senator Thériault: For every dollar you are paying the consultants to defend their position, PMAC is paying $10 to its lobbyists.

Senator Murray: Who was telling you this?

Senator Cogger: Stevie Cameron.

[Senator Thériault.]

Senator Thériault: The same people who give information to you.

Senator Cogger: Advisor to Senator Thériault.

Senator Thériault: Listen to what Stevie Cameron has to say. She says:

> PMAC, which hired five different firms to work for it, has an almost unprecedented range of lobbyists, said Mr. Moore.

I think you know who Mr. Moore is.

Senator Murray: No, I do not.

Senator Thériault: Ms Cameron goes on to say:

> They include partners at public-relations firm Hill and Knowlton, who are handling most of the media spin on the issue, and Government Consultants International —

I think you know who they are —

> — the lead lobby firm during the Bill C-22 fight.
>
> No one needs to be reminded that GCI was the firm set up by some of Mr. Mulroney's closest friends, including former Newfoundland premier Frank Moores, Quebec City lawyer Gary Ouellet, and Halifax lawyer Gerald Doucet —whose brother, Fred, was a senior advisor working on the patents issue in the Prime Minister's Office at the time. Today the Doucet brothers have their own lobbying company, Fred Doucet Consulting International Inc. (Gerald Doucet also has a separate company based in Halifax), and they lobby for Merck Frosst Canada Inc. and Astra Pharma Inc.

They lobby for poor Merck Frosst. I am sure they are lobbying for nothing, the poor guys.

Senator Murray: Tell us about the generics now.

Senator Thériault: I have the report of Greenshields. They dispute the 2.9 per cent increase.

I am not saying the government is lying; I am saying you are using figures to make a case. I am saying that liars figure and figures lie. The fact of the matter is that if you want to take the four or five drugs that have been affected by Bill C-22—he said Bill C-16—since 1987, maybe you can find a way to prove it is only 9 per cent. Greenshields says it is over 11 per cent. Another report says it is over 5 per cent.

Senator Murray: Who is that one from?

Senator Lynch-Staunton: Dalton Camp.

Senator Thériault: I will tell you where you get the truth: Not from me or from you or from PMAC, but you will get the truth if you ask the provincial ministers of health when they come before the committee. They will tell you how much their costs have increased since Bill C-22 has been in effect. That is where you will get the truth. That is who the people will believe.

I say to you, Honourable Leader of the Government in the Senate, that this move is not right at this time, in the fifth year of your mandate. You are at less than 20 per cent in the polls. You have little hope of being elected. I am convinced—I hope I am wrong—that what Mr. Mulroney is doing to your party nationally is what one leader did to the Tory party in my province years ago. He destroyed it completely.

You are enacting this legislation to protect your rich friends. I sometimes wonder if it is not to try and divide the country even further. What we hear from the government side sometimes is that the Liberals are opposed to this bill because most of the jobs are in Quebec. It hurts me as a Canadian when I hear people say that. It hurts me.

• (2210)

There is a problem in this country. The problem is that people are cynical towards government. Why are they cynical? Because the government of the day in this country is not listening. Why not? You are in your fifth year. Why not take a common-sense approach in this matter? Why not say, "This is what we want to do. We will have an election and, if the people support us, we will pass this legislation, but we will leave the situation as it is until after the next election." That is what you should do if you had any common sense at all.

Senator Murray: You were saying that about the GST and the FTA and every initiative we have taken. Can the honourable senator tell me what the length of patent protection is in some of the countries that are our economic partners, other countries in the G-7, for example?

Senator Thériault: I will tell you my feeling on this, but it may take me a minute. You do not have to be an expert to know that most of the basic research undertaken by any given company is usually done in the country where their head office is located. This did not change because of Bill C-22. It will not change because of Bill C-91. This legislation will not make the major foreign pharmaceutical companies come over here and do most or all their basic research in Canada. They will do it in proportion to our sales. Our sales, if I remember my studies of Bill C-92, are about 3 percent of the entire sales in the western world. We can expect to get perhaps 3 per cent of the research done.

Do you believe that if we had not had the legislation that was passed in 1969, there would have been a great rush of research job creation by the international pharmaceutical companies in Canada? If so, where were they until 1969? Where were they until 1969? They were not rushing to come to Canada.

As was put on the record today by Senator Kirby, there are a few jobs that have been created. We do not deny that. But at what price? We know we need research, but should we force the poor people to pay that price?

Who will suffer from the increased prices of drugs? I know who will suffer. I know who pays, and I know who suffers. I know who suffers when the medical doctor gives a prescription to a person who has no insurance. It is oftentimes the children. I know that if my mother ever got a prescription for medicine, I would see to it, or she would see to it, that she found the money to buy the drug first and foremost.

The scandalous promotion by the pharmaceutical companies that Dr. Keon tonight agreed was taking place is the reason why the doctors are prescribing and prescribing and overprescribing.

Senator Murray: Stop talking about it. What do you propose to do about it?

Senator Thériault: I propose that we return to the situation as it was before the passage of Bill C-22 in 1986. We were doing fine in Canada until then.

Senator Murray: Return to 1986? Some answer!

Senator Thériault: We were doing pretty well until 1986. We were doing a hell of a lot better than we are doing now. That is for sure. Ask any Canadian today. Put the question that Reagan put to the American people: "Are you better off today than you were in 1984?" Ninety percent of the people would answer "No, we are worse off." Unemployment is higher, the deficit is higher, people are poorer, take-home pay is less, and we have more people on the streets and more people depending on the food banks. With all that, what does the government do? You give your rich friends the legal right to make hundreds of millions of dollars more profit.

Senator Murray: Honourable senators, I asked the honourable senator a question. In ten minutes, he was not able to answer it, so I will answer it for him. The length of drug patent protection in Italy is 27 years.

Senator Frith: Order.

Senator Murray: In France, 26 years.

Senator Frith: Are you speaking on this?

Senator Murray: In other EC countries, 25 years.

Senator Frith: Order!

Senator Murray: In the U.S, 24 years.

Senator Frith: Are on you speaking on this motion?

Senator Murray: In Japan, 23 years. In Mexico, 23 years.

Senator Frith: Order!

Senator Murray: Canada now has 17 years, and with Bill C-91 will go to 20 years. That is the answer to the question.

Senator Frith: Mr. Speaker, let it be noted that the Leader of the Government is now speaking on the bill. Give him his 15 minutes.

Senator Thériault: Do you know what my answer is to you, my friend?

Senator Frith: He sat down, so his time is up.

Senator Thériault: My answer is simple. When I was a member of the government and a member of the legislature

for 20 years, my first concern was for the people of New Brunswick. My first concern now, and for 12 years, is the people of Canada, not Mexico or Italy.

Senator Sparrow: Would the honourable senator permit a question? I did not hear him say no. When the present Conservative government is soundly defeated in the next election, and they will be, and when there is a more sympathetic, compassionate and honest government in power and there is a bill before this house to rescind the provisions of Bill C-91, will the honourable senator then vote to rescind the provisions of this bill, and will he tonight serve notice on the GATT and NAFTA negotiators and the pharmaceutical companies that he will do so?

Senator Thériault: Honourable senators, my answer to my friend Senator Sparrow is that if you are in a position to introduce such legislation after we form the government, I will support you.

Hon. William J. Petten: Honourable senators, there are five simple reasons why Bill C-91 is very bad legislation. As much as I have the highest personal regard for my friends opposite, these five reasons are classic examples of errors made by the Conservative government time and time again.

The first reason why this new drug legislation is so bad is that it will really hurt sick people with average incomes. It is an another Tory assault on middle-class Canadians. The Ontario government estimates that Bill C-91 will cost the citizens of that province an extra $1 billion over the next decade. $1 billion is a very hard figure for most Canadians to comprehend, but people can understand that that means $400 in extra drug costs for a family of four.

We all know that families with sick children will not deny their children the necessary medication, but we also know that they will have to cut back on already tight family budgets in order to find the extra money. In the last six years, drug costs in British Columbia have increased by 133 per cent. That is a lot of money, and in particular it is a lot of money when times are tough.

The second serious fault with Bill C-91 is that it represents another Conservative assault on the provinces. Since we had our serious debate in the Senate five years ago over Bill C-22, the drug costs for the provinces have increased at over 11 to 15 per cent per year. Greenshield figures show the average cost per claim for new drugs was more than twice the average cost for all drugs. According to the federal government's own study, *Health Expenditures in Canada*, expenditures on drugs exhibited the highest level of growth among the categories of health care expenditures.

In my own province of Newfoundland and Labrador, our government does not have that kind of money. My province is already stretched to the limit in trying to deal with a record high level of unemployment, better than 20 per cent. I must say I find it very strange for the Prime Minister to say, on the one hand, that we must control health care costs in Canada, and on the other force provincial health care costs through the roof with this type of legislation.

[Senator Thériault.]

• (2220)

The federal government knows that provincial health ministers have tried to approach this issue in a reasonable manner. A number of provincial and territorial health ministers met in Newfoundland in mid-September at the invitation of Newfoundland's Health Minister, the honourable Hubert Kitchen. They presented their series of concerns about Bill C-91 to the federal government. Unfortunately, they have received no formal response from the federal government following those very important meetings.

The third basic problem with this legislation is that it is anti-democratic. A fundamental concept of democracy is that legislation should not be retroactive. This legislation, if it is passed, will be retroactive to December 20, 1991. The government has not given a good reason for this move. Twenty-four drugs would receive additional patent protection retroactively if Bill C-91 becomes law.

The patent for the heart drug Vasotec is scheduled to expire in 1994. If this legislation passes, Vasotec will receive patent protection until the year 2007.

The government's actions with respect to the Patented Medicine Prices Review Board are also strangely anti-democratic. If changes are to be made to such an important board, they should be made by legislation. But the government states it will change the nature and powers of the board by regulation and refused to tell us what these changes will be. That seems unacceptable in a democracy.

The fourth problem with Bill C-91 is that once again the government is trying to create jobs on the backs of the weakest members of our society. Only two weeks ago the Minister of Finance announced that he was going to find money for new job programs by taking money away from the unemployed. Now the government is asking the Senate to pass this bill which will create jobs out of money raised from sick people. With the greatest respect, I have to say that only a Tory government would think that poor people and sick people should be the primary sources of money for job creation.

I have nothing against the work done by the pharmaceutical industry in this country. I know some very fine and dedicated people who work in that industry. But surely we can find another formula for helping to fund important research and creating much needed scientific jobs without raising 100 per cent of the money from sick people.

The fifth reason why this bill is so bad is that, once again, the Conservative government is catering to American pressure and trying to do things the American way. The Minister for International Trade tells us that we have to bring our rules into line with American rules. The difficulty with that argument is that our friends in the United States do not have a universal medicare system, and their drugs are 35 per cent higher than ours.

At the very time when the new president of the United States wants to reform health care policies so that they more closely resemble Canada's, our government is unwisely pushing us towards a system which more closely resembles the inefficient and, up to now, uncaring American model.

I have heard the government say that the United States and other countries are putting pressure on us to change our rules in the North American free trade agreement and the GATT negotiations. I do not understand what we are getting from other countries in return for caving in on this matter. Why are we giving away all our good cards without receiving anything in return? Why does the government always have to be the first to give in on international negotiations?

Honourable senators, these are five very simple but very important reasons why Bill C-91 is such bad legislation.

As is so typical of Conservative legislation, this bill hurts the middle class, it hurts the provinces, it weakens the democratic process, it tries to create jobs at the expense of vulnerable Canadians and entrenches Canada's submission to the powerful American interests. That is why, in my view, this legislation is so very bad.

In conclusion, I would like to read from an article from today's *Ottawa Citizen*, which states:

> Roman Catholic bishops want the Senate to hold public hearings on the drug-patent legislation to make up for its speedy passage through the Commons.
>
> The measures in the bill "will have a major impact, not only on the prices of pharmaceutical products, but also on our health care system which is already under major financial stress according to both provincial and federal governments," the Canadian Conference of Catholic Bishops said Monday. **Senator Sparrow:** May I ask the honourable senator a question. I am sure he heard the preamble to my question previously, so I will not repeat it.

If, in a new Parliament, a bill comes forward to rescind the provisions in Bill C-91, would the honourable senator vote for the rescinding of the provisions in this bill?

Senator Petten: I will answer that in the same way as did my honourable colleague Senator Thériault. If you are in a position to do it, I will support you.

Hon. Peter Bosa: Honourable senators, I am pleased to take part in the debate on Bill C-91 to amend the Patent Act which was first introduced in the House of Commons on June 23, 1992. I regret that the government decided to introduce closure before the debate started on second reading.

This bill contains amendments to the Patent Act with respect to patent protection for pharmaceutical products. The federal government states that the bill is designed to assure the pharmaceutical industry the full 20 years of patent protection already provided to patent owners in all sectors of the economy; to bring the patent regime for pharmaceuticals closer in line with those of our trading partners; to attract new investment in research and development and create new high tech jobs, thereby enhancing Canada's competitiveness in the pharmaceutical sector and to ensure the availability of quality drugs at reasonable prices by strengthening the price review mechanism for patented medicines in Canada.

This bill proposes three major changes. First, it eliminates the provisions of the Patent Act allowing general manufacturers to exercise a compulsory licence to manufacturer a generic copy of a drug seven years after the original product enters the market, or to import the product or its active ingredients 10 years thereafter.

Second, it alters the power of the Patented Medicine Prices Review Board, the body charged with reviewing the prices of patented medicines.

Thirdly, Bill C-91 contains a retroactive clause under which all compulsory licences issued on or after December 1991, will be determined when the bill comes into force.

Although the federal government contends that Bill C-91 will help attract investment in the pharmaceutical industry, create new jobs in research and development and encourage the development of new medicines in Canada, there is a contentious debate over the potential impact of the bill. The generic sector of the pharmaceutical industry, a number of provincial ministers of health and various groups of consumers and senior all raise serious concerns over, and strongly oppose, Bill C-91.

The main issue raised in the Bill C-91 debate cast doubts on the objectives pursued by the federal government.

These include the creation of new and highly-qualified jobs in the pharmaceutical industry, the level and composition of investment in R & D by brand name companies, the growth in drug prices, the overall effect of total health care costs in Canada, and the impact of the retroactivity clause on a number of compulsory licences.

Employment is an issue of great concern at this point in time in the pharmaceutical sector. While the federal government contends that the proposed legislation would create jobs, there is no clear information on the potential impact of Bill C-91 on employment creation. An examination of the number of jobs created since the enactment of Bill C-22 in 1987 may provide some useful insights into Bill C-91 and its effect on employment.

According to the Pharmaceutical Manufacturers Association of Canada, the association representing brand name companies, more than 17,000 people are currently employed by its members. The association indicates that since the passage of Bill C-22, 2,481 new jobs have been created by PMAC companies. This represents an increase of 17 per cent over the 1987-1991 period. This does not, however, represent the net increase in jobs, because job losses have not been taken into consideration.

Furthermore, a report recently released by Consumer and Corporate Affairs Canada entitled "Trends in the Pharmaceutical Industry in Canada in the Post 1987 Environment" suggests that job creation in the Canadian brand name sector is

still well below the expected level. In addition, the report shows that almost one-half of these new jobs have been in sales and marketing, not in scientific research. Overall, there is no clear evidence that Bill C-91 will create a large number of jobs in the highly-skilled category.

With respect to investment, the federal government and PMAC members claim that Bill C-91 will generate further research and development expenditures and capital spending. When the federal government announced its intention in January, 1992 to eliminate compulsory licensing, over $400 million in new investment in Canada was announced by PMAC members. Following the tabling of Bill C-91 in the House of Commons in June, 1992, PMAC members announced further investments. In total, investment announcements made by PMAC members amount to $500 million. While there was a public commitment by PMAC members to increase the level of R & D investment following the passage of Bill C-22 in 1987, there has been no firm commitment by them with respect to Bill C-91.

Once again, the post-1987 environment may be useful in examining the potential impact of Bill C-91 on the level of R & D expenditures. The Patented Medicine Prices Review Board reports that PMAC members have almost achieved their target of increasing R & D as a percentage of sales. Data shows that spending on R & D by PMAC companies increased from approximately $100 million in 1987 to $376 million in 1991. Their R & D-to-sales ratio reached 9.6 per cent in 1991.

The level of basic research also increased over the last few years and now accounts for roughly 26 per cent of total R & D expenditures. Although the brand name industry has doubled its ratio of R & D to sales, as promised, this 10 per cent ratio is not very impressive when compared to that of other industrialized countries.

For example, the R & D-to-sales ratio represents 15.4 per cent in Switzerland, 14.4 per cent in France and 12.5 per cent in Germany and the United States.

Furthermore, although PMAC claims that investment in basic research has increased, it still remains quite limited relative to international experience. Finally, the report prepared by Consumer and Corporal Affairs Canada shows that the increasing R & D effort by brand name companies has unfortunately focused on clinical trials, with little or no potential benefits to Canadian consumers. Consequently, there should be a stronger commitment to investment in R & D as well as better planning of the type of research undertaken by brand name companies.

The most widespread criticism of Bill C-91 relates to its potential effect on drug prices. With the elimination of the system of compulsory licensing, generic copies will not be permitted until drug patents have expired at the end of the 20-year period. Many fear that the extension of patent protection, which will lead to monopoly prices, will result in very large increases in drugs prices by brand name companies.

[Senator Bosa.]

Although everyone agrees that drug prices will increase, estimates vary widely as to how much it will cost. While the federal government estimates that the increasing cost would amount to $500 million per year, other studies suggest that the additional costs could be up to $1 billion every year.

The lack of consensus over the impact of Bill C-91 on costs is explained by differing views about the amount of increased exclusivity that would be assigned to the patent holders. The federal government and PMAC state that an average of only three additional years will be added to exclusivity. However, others contend that the extension would be far greater than three years for a number of products.

In fact, new patents in Canada are often granted for drugs which are only slightly modified versions of existing drugs. In these cases it takes only a few years to get the new drug to market, thus creating a considerably longer period of market exclusivity. An analysis of the economic impact of Bill C-91, prepared by Professor Schondelmeyer of the University of Minnesota, shows that one-third of patented drugs will receive more than ten additional years of market exclusivity.

The federal government contends that the additional price-control powers granted to the Patented Medicine Prices Review Board will further contain drug prices increases. Bill C-91 does adopt a provision for strengthened price review mechanisms, but the constitutional basis of this provision has been challenged by the Canadian Drug Manufacturers Association, the association representing generic firms.

In addition, many still believe that the Patented Medicine Prices Review Board does not effectively control drug prices. The board itself has noted over the past year that the prices of 35 products were found to be outside the guidelines. The excess revenues attributable to the products priced outside the guidelines were $1.O6 million.

Senator Comeau: Honourable senators, the rules require that I remind the honourable senator that his time has expired. He may continue with leave.

Hon. Senators: Agreed.

Senator Bosa: Large drug price increases will inevitably exert great pressure on overall health care costs borne by provincial governments and consumers. Canada currently spends over $60 billion or more than 9 per cent of its Gross Domestic Product on health care. According to figures available from Health and Welfare Canada, the proportion of total health care expenditures going to the drug sector has increased from 9 per cent in 1975 to close to 14 per cent in 1990. Drug spending as a proportion of GDP has sharply increased, almost doubled, over the same period. Some estimates even suggest that total drug spending could soon surpass total spending on physician services.

The federal government reports that the removal of compulsory licensing will result in an increase of only 2 per cent in the cost of drugs. However, a number of studies suggest that federal estimates of the increased cost due to Bill C-91 do not

give an accurate picture of the cost impact on provincial drug plans and consumers. For example, Ontario estimates that generic drugs save its drug plan between $80 million and $100 million per year, or 50 per cent of the total drug costs of its program. According to Ontario's evaluation, Bill C-91 will result in an additional cost of $1 billion over the next decade for Ontario alone. 3

For this reason, many contend that Bill C-91 does not ensure that the total cost of pharmaceuticals will be affordable, particularly in the context of fiscal restraints facing governments and the economic hardships facing Canadian families.

Perhaps the most abhorrent provision of Bill C-91 is the retroactivity clause. It will have a detrimental effect on the generic sector of the pharmaceutical industry. This retroactivity clause will also prevent consumers from having easy access to generic drugs in the next two years.

Under this clause, all compulsory licences issued on or after December 20,1991, will be terminated when Bill C-91 comes into force. As a result, more than 20 compulsory licences already approved will be revoked, and will not be competing with the brand name counterparts. This will thus provide a longer period of exclusivity to brand name companies.

As an example, consider the case of the cardiovascular agent Vasotec. This drug has an outstanding application for a compulsory licence. If Bill C-91 is enacted, this licence will not be granted in 1994. Instead, Vasotec will be protected by patent until the year 2007. The Minister of Health in British Columbia estimates that Vasotec will cost the province approximately an additional $120 million for the next 15 years.

A similar study of Mevacor, an anti-cholesterol agent, predicts an additional $25 million of expenditures because patent protection will be extended an additional six years by Bill C-91.

According to Professor Schondelmeyer, the retroactive date of December 20, 1991 attached to Bill C-91 has a dramatic effect on the long-term cost of the proposed legislation. Schondelmeyer estimates that if this effective date were amended to the end of 1992 or early 1993, this could reduce the cost resulting from Bill C-91 by almost half.

It will be interesting to find out what will happen to this bill if the five domestic drug firms win the lawsuit they have launched against the government to prevent Bill C-91 from becoming law. We will follow this case with interest.

Senator Sparrow: Will the honourable senator permit a question? When the present Conservative government is soundly defeated in the next election, as it will be, and there is a more sympathetic, compassionate, honest and believable government in power, and when there is a bill before this house to rescind the provisions of Bill C-91, will the honourable senator then vote to rescind the provisions in this bill? And tonight will he serve notice to the pharmaceutical companies, to the GATT negotiators, and to all Canadians, that he would be prepared to vote to rescind the provisions of this bill if such a measure comes before this house?

Senator Bosa: I believe Senator Kirby dealt with this answer quite thoroughly. He mentioned the provisions of GATT. I would have to see how that affects our relationship with this international body on trade matters, and we will review it then.

Senator Sparrow: You did not answer my question. I would like an answer to that question. Would you be prepared to vote to rescind that bill? If there are other provisions that make it impossible to institute, I would accept that, but in the interval I am asking the question: Would you be prepared to give notice that you would vote to rescind the provisions of this bill?

Senator Bosa: Honourable senators, it would be easy to blindly give a "yes" or "no" answer to a question like that. One must, however, take into consideration the circumstances that prevail at the time. We are bound by the GATT agreement. If we are part of GATT, and if we can negotiate ourselves out of GATT, I would be prepared to vote against keeping the bill in force.

Senator Sparrow: Senator, would you vote to rescind the bill?

Senator Bosa: I would vote to rescind the bill.

Senator Sparrow: Thank you.

Hon. Joyce Fairbairn: Honourable senators, in spite of the lateness of the hour, I wish to make a few comments on Bill C-91 which assures a 20-year protection to holders of pharmaceutical patents.

As I listened to the discussion over the last few hours, it struck me that this is not really a debate about finding cures for diseases. Rather, it is a debate about the profit margins of the huge international drug companies. Once again, we are being treated to an eye-opening exposé of the pressures those companies are successfully able to bring to bear upon governments here in Canada, the United States, in Europe, and around the world.

We all know that research into cures for deadly and crippling diseases is expensive. I think everyone agrees that the people who invent and develop a drug and bring it to market deserve to make a profit on that effort. The question is, how long should they have an inclusive monopoly on the production and the sale of that drug, exclusive monopolies which everyone agrees already cost Canadians more than if competitive generic products were available?

We are told that, in exchange for the extended monopoly protection provided by this legislation, the brand name drug companies will invest about $500 million over the next several years. In return, the Canadian taxpayers and people in need of these pharmaceuticals face price increases estimated, as we have heard tonight, in the range of $4 billion to $7 billion over the next 15 years or so.

I want to remind colleagues that the 1985 report of the Commission of Inquiry on the Pharmaceutical Industry, the Eastman report, stated, and I quote:

> The consequence of compulsory licensing is that Canadian consumers and taxpayers paid $211 million less in 1983 than they would have done for the same drugs in its absence.

In other words, generic competition through compulsory licensing saves Canadians a great deal of money. I do not think anyone disputes that fact, not even the government. This, however, is the government which says it believes in free competition, that it favours de-regulation, that it is against monopolies, that it believes in free enterprise and the power of the marketplace. And what does this bill do? It extends monopoly protection to the products of some of the largest and richest companies in the world. On top of that, the government has imposed closure in the Parliament of Canada to get this monopoly legislation through.

We are also told that the brand name companies will create thousands of new jobs, but only if this legislation goes through. And if that sounds familiar, honourable senators, it is. They said the same thing the last time.

In 1987, when the brand name drug companies were given longer patent protection, we were promised 3,000 new jobs. Those jobs were all supposed to be high level research jobs with high-tech spinoffs which would lead to all sorts of other high technology development. What happened?

Senator Lynch-Staunton: By what year? 1996. You must add that to the process.

Senator Frith: And there was to be no legislation in the meatime. You were to review it in 1996. You were not here. I was. I heard your promises. I was at the committee hearings. We know what was said in committee, that it would all be reviewed in 1996 and nothing would happen in between.

Senator Lynch-Staunton: Honourable Senator Fairbairn, if I may, you said that in 1987 the industry promised a creation of 3,000 new jobs. The question is, by what year were those 3,000 new jobs to be created? The answer is 1996.

Senator Frith: That was the time for the review, but you did not wait for that.

Senator Lynch-Staunton: We are now in 1992 and 2,700 new jobs have been created four years before the deadline. That is pretty good progress.

Senator Frith: I should hope so. And you are bringing this legislation in between, instead of waiting for the review in 1996, which is what you promised to do and what the drug companies promised to do.

Senator Lynch-Staunton: They are not menial jobs, either.

Senator Frith: Phoney!

Senator Fairbairn: Honourable senators, in addition, colleagues will remember that, due to questions over the impact of Bill C-22 on prices, the legislation, as Senator Frith points out, contained provisions for a complete review of the whole process in 1996. That provision is now gone. We will have no review of the legislation's impact since 1987, nor will we have any review of the current legislation.

[Senator Fairbairn.]

What is the real story behind the government's insistence on this legislation at this time? It is very simple. It is a key element in leading Canada into the charmed circle of the GATT and the North American Free Trade Agreement. The same linkages were made in 1987 between Bill C-22 and the United States Free Trade Agreement.

We are not talking here about helping corner stores or small time family businesses. We are dealing with an industry with $75 billion in annual sales in the United States. When that industry speaks, the American government listens to what it says and responds accordingly. So do most other governments, including our own.

Does any one really doubt that this legislation came about because of pressure from the multinational drug companies? If anyone does, let me read you an excerpt from a letter sent on February 26, 1992 to United States trade representative Carla Hills from the multinational brand name drug companies. In that letter, they outline what they want written into the North American Free Trade deal.

Senator Lynch-Staunton: Who wrote the letter, please?

Senator Fairbairn: The letter was sent by a group of people representing the multinational drug companies to Carla Hills.

Senator Lynch-Staunton: You do not have their names? That is very important.

Senator Fairbairn: Yes I do. The letter was signed by Bristol-Myers, Squibb, EI, Du Pont, Dunnamore and Company, FMC Corp., General Electric Company, Hewlett-Packard Company, IBM Corp., Johnson & Johnson, Merck and Company Inc., Monsanto Company, Fisser —

Senator Lynch-Staunton: This is a broad representation of American industry not just the pharmaceutical industry.

Senator Fairbairn: —Procter and Gamble Company, Rockwell International Corp., and Time Warner.

Senator Lynch-Staunton: So this is not the pharmaceutical industry, this is a broad —

Senator Fairbairn: There are members of the pharmaceutical industry included here.

Senator Lynch-Staunton: Yes, amongst the computer companies, appliance companies, and others. That is fine.

Senator Frith: She is backing up exactly what she said, namely, that they wrote this letter. And they did. That is all she said.

Senator Lynch-Staunton: No, she said that a group of pharmaceutical companies had written.

Senator Frith: They did. She gave you a list of the companies in the group.

Senator Lynch-Staunton: Amongst others. If I had not asked, she would not have told us.

Senator Frith: It is fine to have Monsanto and General Electric in there; that makes it fine.

Senator Fairbairn: Senator, you are making my point even better than I could, because I want to quote here from the letter sent on February 26, 1992, which states:

> In clear, straightforward language, NAFTA must require Canada to dismantle its discriminatory compulsory (generic) licensing regime for pharmaceutical products and to suspend the granting of any compulsory (generic) licences from December 20, 1991, and onward.

Senator Frith: Because General Electric wanted them to suspend the drug patent legislation, it was all right.

Senator Fairbairn: We are not dealing here with small, family businesses or corner stores.

The minister responsible for international trade, Michael Wilson, says that we are proceeding with this bill because December 20, 1991 was the date that the draft GATT agreement was signed, the so-called Dunkel agreement. But there is no real final GATT agreement yet, and we are not certain when we will have one. Even if we do have an agreement, its interpretation is open to question. Therefore there is uncertainty over GATT.

However, the language of the North American free trade draft agreement certainly is quite clear. Section 12 of article 1709 of that draft agreement says:

> Each party shall provide a term of protection for patents of at least 20 years from the date of filing, or 17 years from the date of grant.

We have heard about retroactivity a number of times in this debate. This is no mere bookkeeping item. Approximately 24 pharmaceuticals currently slated to be exposed to lower priced competition from generic production will be protected from competition as a result of this legislation being backdated to December 20, 1991. Not only are the powerful, international drug companies getting their way from this day forward, thanks to this government's almost abject eagerness to please the United States, but they are also reaching back into our legislation and rewriting our history for us.

The impact of this legislation will be felt by all taxpayers because provincial drug plans, which must pay for a number of these drugs, will have to pass the increased costs on to taxpayers, either in the form of higher taxes directly or increased borrowing, which would mean more interest on the debt.

The minister of health for British Columbia, along with eight other provincial health ministers, have strongly protested this move. All nine of them have an opportunity to appear before the Senate committee, which they did not have the opportunity to do before the committee in the House of Commons, and I hope they take advantage of that opportunity.

Honourable senators, no one disputes the fact that drugs made by generic companies are cheaper—on average about 30 per cent cheaper. And no one disputes the fact that this bill will allow brand name prices to remain high. Certainly no one is predicting a decrease in drug prices as a result of this legislation. However, there is a fundamental question which has not yet been answered by the federal government. That question is: Does the quality and relevance of current research by the brand name drug companies justify such a huge commitment by Canadian taxpayers and by people in need of these cures for illness?

We are told that this legislation is necessary to fit us into the international community. The Minister of International Trade talks a lot about our international responsibilities as part of that exclusive club. We are also reminded that Canada has long been an international so-called outlaw in the eyes of the world. We are reminded of this by those who are promoting this particular legislation. This is what we are told every time we are asked to provide longer periods of monopoly protection to large multinational drug companies.

• (2300)

Why did a Liberal government bring in compulsory licensing back in 1969 in the first place? The reason was simple. Drug prices in this country were upward of 30 per cent higher than elsewhere. Research and development did not go down as a result of generic competition, and neither did the profits of the drug companies.

It really makes one wonder why this government is making a move now which will increase the cost of medical treatment, when drug prices are already higher in Canada than in Europe and when drug prices in the United States are much higher than our own.

I will quote again from one of the government's documents, an interdepartmental working group report, entitled, "Pharmaceutical Pricing in Canada and Other Countries" which states the following:

The Hon. the Speaker *pro tempore:* I am sorry to interrupt the honourable senator, but her time has expired. With leave, she may continue.

Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Fairbairn: The report states:

> The report prepared by the U.S. Senate Committee on Aging relied on research conducted by the Department of Health and Human Services (March, 1991). This price analysis found that the average American pays 62% more for prescription drugs than the average Canadian and 54% more than the average European.

It is not at all surprising that Elizabeth Cull, the Minister of Health for British Columbia, predicts that as a result of this bill, "Canadian prices will rise to the level of American prices."

Of course our drug prices will go up as a result of this legislation. We all know that. In my opinion, the necessity for this bill has not been adequately shown. I do not think we should be asking sick people to help subsidize the profit margins of multinational drug conglomerates, nor should we be asking the Canadian taxpayers through provincially financed drug plans and other measures to do the same thing.

I do not dispute the fact that profits must be made and then reinvested into research and development. But not all of that profit goes to research and development, not by a long shot.

We must seriously ask whether the multinational companies make enough profit already. Obviously, supporters of this bill think not. Supporters of this legislation say that brand name multinational drug profits are not currently high enough to ensure a sufficient economic return in the communities in Canada in which they operate.

But the Canadian people understand the nature of this debate. We are being asked to trade higher prices for more research. Based on recent history the question is: Is the trade-off worth it?

My colleagues on this side of the house do not believe that. The provincial governments do not believe it. The managers of drug plants do not believe it. The people of Canada do not believe it. With great respect to my friend Senator Keon, there is division in the medical community over this legislation. Perhaps even the government has some doubts, but they are caught. They have agreed to meet the demands of the multinational drug companies. They are now faced with trying to explain why ordinary Canadians will be forced to pay perhaps billions of dollars more for medicine in the years ahead. Here, tonight, the Parliament of Canada is going along with the game.

What for me is perhaps one of the most galling things about the presentation of this legislation is that the minister, Mr. Wilson, states, and the line is repeated over and over again by members on the government back benches, "We are doing it because it is good for Canada." How is it good for individual Canadians to be told it will cost you more to reduce the suffering and the pain? How is it good for the average taxpayer to be told it will cost you more in taxes to pay for the drug plans and that it will cost you more for your own brand name medicine if you get sick?

This government is so preoccupied with pleasing the occupants of corporate boardrooms that it seldom stops to look out the window at what is happening on the ground to Canadians from one end of this country to the other.

I want to conclude, honourable senators, by reiterating what I said yesterday on another issue. Canadians are hurting—they are hurting badly. They are reeling from the GST, from the cuts in funding for unemployment insurance, welfare, health care and education. The average Canadian has to come up with approximately $2,000 more a year than they did in 1984 to pay for the new taxes imposed over these years by the government.

[Senator Fairbairn.]

Honourable colleagues will know that the latest report from Statistics Canada, released just the other day, tells us that average family incomes before taxes have dropped to below the level they were 12 years ago. Literally hundreds of thousands of Canadians are facing unbelievable suffering throughout this recession, and there appears to be no relief in sight. Some 1.6 million people are unemployed. There are more than 1 million children living in poverty. There are men, women and children line up at food banks to get enough to eat.

I doubt any real sympathy and understanding will be coming from a government which is capable of bringing forward this kind of legislation, which hits hardest those who are in no position to argue; people on fixed incomes, without jobs, without power and influence.

Honourable senators, in the end, these people have votes. On election day they will remember a government which forced this legislation through the House of Commons and through the Senate. They will vote "no" against that government. That verdict cannot come a moment too soon.

Some Hon. Senators: Hear, hear!

Senator Sparrow: Honourable senators, would the honourable senator permit two questions? The first I ask without the preamble I had before.

Honourable senator, if there were a bill before this house to rescind the provisions of Bill C-91, would you vote to rescind those provisions? Will the honourable senator now serve notice to Parliament, to the pharmaceutical companies, to the GATT negotiators and to all Canadians that she will vote to rescind the provisions of Bill C-91?

Senator Fairbairn: I tell my honourable friend that if a new government introduces such a piece of legislation into Parliament, I will vote to rescind this bill.

Senator Sparrow: The second question is this. The Honourable Michael Wilson, the Minister for International Trade, speaking on behalf of the Government of Canada in the House of Commons stated that there will be an increase in the cost of drugs, but all Canadians have to do to offset this increase in costs is to use one less drug prescription per year.

Does the honourable senator think that such action would be a reasonable alternative approach as does the minister, Michael Wilson, to save money on drugs? Would such action cause early and untimely deaths of thousands of Canadians which would further reduce the costs of medical care in the future for those unfortunate citizens?

Senator Fairbairn: Honourable senators, I would not want to speculate on the latter part of that question, but on the former part I can recall that this is the minister who, some years ago, as he was trying to de-index the pensions of senior citizens, advised us that he knew from talking to his mother that senior citizens were quite happy to see their pensions de-indexed, and did they ever tell him.

Senator Keon: Senator Fairbairn, how do you explain the fact that the drug prices in the European G-7 countries are lower than prices in Canada when they have full patent protection in Europe?

Senator Frith: You had better make sure that that is a fact before you try and explain it. How do you explain something when you haven't established that it is true? How do you explain that they will be giving the Heart Institute $50 million? You have made a statement; how can you explain it when it is not even true? Imagine a sneaky question like that from a doctor! Good Heavens!

Senator Fairbairn: Senator Keon, I expect that you know the answer better than I do. I would be very glad to pull out some material on this. We all know that there are different systems and different processes in place in the countries of Europe.

Senator Molgat: But are his facts straight to begin with?

Senator Barootes: It must be that they get one less prescription per year.

Senator Fairbairn: That may be, Senator Barootes.

Senator Frith: Honourable senators, notwithstanding the provisions of rule 41, I move that debate on this motion be adjourned until tomorrow.

Senator Lynch-Staunton: Honourable senators, before doing so, as you know, the rules require that once debate starts under time allocation, it should go on either until the time is up or until it is decided that we will end the debate, whereupon a vote follows. I hope we can agree to adjourn, say, until 10:30 tomorrow morning, then carry on with the debate at that time, picking up where we left off. Then even if we go for the full eight hours, the vote will be called for 5:30, since debate will end before that time.

Therefore we now know that there will be a vote on Bill C-91 at 5:30 tomorrow afternoon. Once the debate on Bill C-91 is over, we can revert to Routine Proceedings.

Senator Molgat: Agreed.

Senator Lynch-Staunton: There is one proviso: The Leader of the Government has to be at a cabinet meeting tomorrow morning. If he is not here, I hope we can agree to postpone Question Period until he returns.

Senator Murray: I cannot be here before 2 o'clock tomorrow afternoon.

Senator Frith: It is a sneaky way to miss hearing my speech.

Senator Lynch-Staunton: I will give him a full report. The National Finance committee began its hearings on Bill C-26 at 6 o'clock this evening and heard testimony from two witnesses of the four it has scheduled, and began hearing testimony from a third. They would like to continue that testimony tomorrow and hear the fourth witness. They have scheduled a meeting for some time tomorrow morning, but if we resume our sitting at 10:30, that will interrupt their plans. I would like to think that we can give leave tomorrow for them to finish their hearings once they have set a time to sit.

Senator Molgat: Do they have any idea when that will be?

Hon. Roch Bolduc: If Senator Olson agrees, and with the permission of the Senate, we could convene our committee meeting at 11 o'clock. It will last for approximately an hour and a half.

Senator Frith: We now know the right system. If you become chairman of a committee, do not ask the Senate for permission for a meeting to hear witnesses. Get the witnesses lined up first and then go to the Senate and say, "What else can we do?" I am not suggesting that only Senator Bolduc has done this, but that was the problem earlier this evening; he had committed to the witnesses and the Senate went on sitting. I want to lay down the warning. It does not apply only to the chairmen sitting opposite; the same thing happens on this side.

Everybody is shaking their heads. It gets back to what I said earlier: We really should ask the committee chairmen for permission for the Senate to sit, because we work everything in reverse. We always talk in terms of how the Senate has to adjust to the committees, not the other way around.

Senator Bolduc: We did not tell the witnesses to come at such and such an hour; we said we would try to hear them tomorrow, if it is possible.

Senator Frith: Why can't you have them appear at some time when the Senate is not sitting?

Senator Bolduc: We don't know exactly how it will work.

Senator Frith: Just tell them that you will hear them when the Senate is not sitting. You can hear them at noon, if we break.

Senator Lynch-Staunton: We do not intend to adjourn at noon.

Senator Frith: Then have them appear at 9:00 in the morning.

Senator Bolduc: I have to have the permission of the chairman.

Senator Frith: That is what I mean.

Senator Kelly: He said he will have to have the permission of the chairman.

Senator Frith: The Senate accommodates the committees. It is not the other way around.

Senator Lynch-Staunton: In that case we can continue the debate tonight, and we will have plenty of time for the committee tomorrow.

Senator Frith: That is what I mean; we continue the debate in the Senate to accommodate the committee.

Senator Bolduc: It is really an exception because we are at the end of the —

Senator Frith: Fine, have them whenever you want. It will work out that way anyway.

Senator Molgat: I would urge Senator Bolduc to try to sit at 9:00 tomorrow morning, if he can. If all else fails, we will try to accommodate.

Senator Frith: All else will fail, you can count on it.

Senator Lynch-Staunton: I can, even in her absence, assure honourable colleagues that the table in the Reading Room will be well laden at lunch time.

The Hon. the Speaker *pro tempore:* Honourable senators, I must pose the question on the adjournment of the debate. Is leave granted that debate be adjourned until 10:30 tomorrow morning?

Hon. Senators: Agreed.

On motion of Senator Frith, debate adjourned.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

> That when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday December 16, at 10:30 in the forenoon.

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

Honourable Senators: Agreed.

Motion agreed to.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Might I ask the deputy leader what order of business we will follow tomorrow after we finish with Bill C-91? Will we be dealing with the New Brunswick resolution?

Senator Lynch-Staunton: We have three, not what I would call minor bills but noncontroversial bills that can be given second reading tomorrow. I think they can be dealt with in Committee of the Whole. It will be a matter of scheduling ministers, if we can dispose of those bills in the next few days. Certainly, we want to get on with the New Brunswick resolution tomorrow.

Hon. Lowell Murray (Leader of the Government): Definitely tomorrow.

Senator Molgat: I assume all orders will stand as they are, with no change in numbering.

Senator Lynch-Staunton: Correct.

The Senate adjourned until tomorrow at 10:30 a.m.

THE SENATE

Wednesday, December 16, 1992

The Senate met at 10.30 a.m., the Speaker in the Chair.

Prayers.

ORDERS OF THE DAY

PATENT ACT AMENDMENT BILL, 1992

SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Beaulieu, seconded by the Honourable Senator Comeau, for the second reading of Bill C-91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I find this legislation, Bill C-91, a bit of a mystery. We have heard from Senator Beaulieu, doing his best for the government in support of what Canadians know is an iniquitous bill, and believe to be a payout to international business at the expense of the Canadian people.

How did Bill C-91 ever see the light of day? The fact is that Canadians are not being fooled by what the government is saying about C-91. They know that it will have serious, deep, iniquitous results for Canada. No matter what the government is saying, the people know that the emperor has no clothes, and the government knows that.

So why is the government insisting on going ahead? There must be an explanation. Remember that this government, which came into power in 1984, will leave us many legacies, one of which will be its own "newspeak". Do you remember George Orwell's *Nineteen Eighty Four?* Is it any coincidence that this government came to power in 1984?

"Newspeak" was the new language that everyone in *Nineteen Eighty Four* had to use. It is referred to right at the beginning of the book when the protagonist is starting to write a diary and runs up against "newspeak", which is the new vocabulary that Big Brother has imposed.

I will give an examples from the book. Big Brother is on the screen and Winston, who is the protagonist, is watching him destroy someone who is a revolutionary.

Then the face of Big Brother faded away again and instead the slogans of the party stood out in bold capitals, "War is Peace", "Freedom is Slavery", "Ignorance is Strength".

Remember that this is the government that always delivers the opposite of what it promises, and this is its "newspeak". What does "sacred trust" mean? It means the abolition of family allowances. It means profane betrayal, not sacred trust.

Senator Bonnell: Claw-back.

Senator Frith: Yes, claw-back and the de-indexing of old age pensions.

What does "child care" mean under this government's "newspeak"? It means no child care; just the opposite; just like war is peace. Child care means no child care, plus cutbacks on Canada Assistance Plan Funding, which helps provinces fund child care spaces.

What do "patronage free" and "clean government" mean when this government uses those phrases? They mean an orgy of patronage from the most scandal-ridden administration in Canadian history.

What do "constitutional peace" and "national reconciliation" mean? They mean constitutional warfare, spectacular failures and increased tensions.

What do "a greater role" and "more respect for Parliament" mean? They mean get in line for whatever we want and when we want it.

What does "consultation" mean? To this government, consultation means, in their "newspeak", that they must make the hard, tough choices, which means no consultation and measures which are universally opposed by Canadians.

Another of the government's "newspeak" phrases is "prudent, fiscal management". What does that mean? As with "newspeak", it means the opposite. It means spend more than $1 trillion, running record-seeking deficits, and adding more than $200 billion to the national debt.

One of the government's famous and often used phrases is "jobs, jobs, jobs". What does that mean? It means, as with "newspeak" and Orwell's *1984*, the opposite. It means record numbers of people out of work; it means unemployment, unemployment, unemployment!

With respect to Bill C-91—where the government is driving the first stake into the heart of our medical care system that it promised to nurture and protect—we now know that "nurture" and "protect" mean kill, because the words they use mean the opposite.

Compulsory licensing, something that people—not businesses—around the world envied about Canada, is being destroyed by the government in its scorched-earth policy, designed to destroy everything previous governments accomplished. The government wants to do this before it is thrown out of office. Compulsory licensing is being destroyed, not for the sake or the benefit of the people of Canada, or even for the sake of people in other lands; it is being destroyed in order to benefit large, very profitable corporations, headquartered in the United States and Switzerland and other far-off lands.

They all want to make greater profits. Compulsory licensing is being destroyed so the people of other countries, people who fall ill and must purchase pharmaceutical drugs, do not get any crazy ideas.

In 1986, Joseph Stettler, former chairman of the Pharmaceutical Manufacturers Association in the United States, said that Canada's compulsory licensing system was a danger to the U.S. drug industry because "It could exist as a model for other countries." That was the danger. That quote is from the *Globe and Mail* of November 20, 1986.

With Bill C-22, the Mulroney government cracked that model; with Bill C-91, it is determined to smash that model, and with NAFTA, it will try to scatter the pieces to the wind thinking that no succeeding administration will ever glue the model back together again.

Why is this government doing this? Honourable senators, I suggest we analyze, using what has become the Sherlock Holmes' style and method of analysis, by examining in retrospect, to come up with the truth. That style is expressed in a book by Raymond Smulyan called *Chess Mysteries of the Arabian Knights*. The book, instead of solving chess problems, works in the opposite direction and asks what must have taken place in order for a certain pattern to appear. Having demonstrated the system, the author writes:

> It is the only way the position could have arisen, and we recall Sherlock Holmes' words: "When one has eliminated the impossible, then whatever remains, however improbable, must be the truth."

I repeat.

> "When one has eliminated the impossible, then whatever remains, however improbable, must be the truth."

• (1040)

Let us look at Bill C-91 and some of the possibilities for explaining this kamikaze act. First, there is the possibility that the government is telling the truth. We have to remove that as being impossible, just on the basis of their record; second, that they mean what they say. Well, we found that their "newspeak" meant the exact opposite. In fact, they mean the exact opposite of what they say; three, that they say what they mean. That, also, is impossible. We have now removed three possible explanations for what they are doing.

Four, they have gone stark raving mad. That is an appealing one because there are many symptoms, but I do not think there are enough symptoms to prove absolutely that possibility; five—and this is a hopeful one, also—that this is all a bad dream. However, I am afraid that it is not, so we have to eliminate that one also. Six, their judgment about the benefits of this bill is correct. Previous speakers on this side have demonstrated that that is an impossibility.

What about the possibility that they have foolishly boxed themselves into a hopeless position by way of a string of sell-outs to foreign interests? That is something that bears examination as a possibility, since the other possibilities have been examined and discarded.

The fundamental feature of Bill C-91 is the proposal to end compulsory licensing on pharmaceuticals. How did this government get itself into the position of wanting to end compulsory licensing for pharmaceuticals, one of the most popular and widely praised measures of any country in the world?

Since 1923, the *Patent Act* has provided that a patent on a pharmaceutical could be infringed if the active ingredient was manufactured in Canada. For almost 70 years, therefore, we have recognized that patents granted for medicines were not to be treated in the same fashion as patents granted for widgets or mousetraps. A mousetrap might add convenience to a person's life and, if the price was reasonable, an individual would have made a wise and defensible decision in choosing to purchase it. But what price would be reasonable when what is at issue is not convenience, or a mouse living under the veranda, but life itself? Where one's own life is at stake, a decision to purchase a medicine, at no matter what price, would be both reasonable and defensible.

On the other hand, a voluntary decision not to purchase the drug because the price was too high would not be viewed as a reasonable decision but, rather, as suicide. That is the fundamental difference between patents on medicines and patents on all other inventions. It is the difference between added convenience and added life.

However, for this government the difference apparently does not exist. In defending Bill C-22, former Consumer and Corporate Affairs Minister Harvie Andre said:

> Whether you invent a new camera, a new mouse trap or a new drug, you are entitled to some period of exclusivity.

By virtue of Bill C-91, that period will be the same for new mousetraps as for new drugs.

It is important to remember that there is no inherent right to patent protection. The right of patent protection is not on the list of fundamental rights such as freedom of speech or religion. No matter what PMAC would like Canadians to believe, the right to patent protection is not found in our Charter of Rights and Freedoms, the American Bill of Rights, England's Magna Carta or the Ten Commandments. Patents, which restrict competition—note, restrict competition—are granted by the government for public policy reasons; namely, the encouragement of innovation. They are a conscious exception to the law and principles of competition which are in the interests of the people. Patents are made as an exception, not as a right, to encourage innovation.

Since 1923, Canada has recognized that public policy demands that patents on labour-saving devices be treated differently from patents on life-saving medicines. Bill C-91 proposes to end this distinction and return Canada to a regime that existed in the era of J. P. Morgan and the robber barons.

In 1923, there was hope that compulsory licences to manufacture fine chemicals would bring some competition to the marketplace for pharmaceuticals. Unfortunately, Canada's economy was too small to support the investment required to manufacture fine chemicals, and consequently the provision

had virtually no impact. The anticipated competition failed to materialize, and it was only a matter of time before Canadians demanded of their government something new in the healthy competition that keeps prices down.

It is important to remember that in the late 1950s and 1960s, public attitudes toward the pharmaceutical industry changed dramatically. Fascination and acclaim for "wonder" drugs was replaced by anger at the thalidomide tragedy which, for many, symbolized an industry that would run any risk in the quest for profits.

By the early 1960s, drug prices had become an explosive public issue. The governments at that time responded slowly, buying time by holding a series of public inquiries. The first was held by the Restrictive Trade Practices Commission in 1962 and 1963. The second was a Royal Commission on Health Services in 1964, the Hall Commission, and finally there was the special committee of the House of Commons, 1966 and 1967, chaired by Harry C. Harley who I believe was an M.P. from the Oakville area and a medical doctor.

If there was a common theme in the findings of all these bodies it was that Canadian drug prices were among the highest in the world. In 1969, a majority Liberal government responded by introducing compulsory licensing for importation of fine chemicals. This was done over the vociferous objection of the multinational pharmaceutical companies who argued, "Our deliberations . . . impelled us to the fundamental conclusion that the cost of drugs to Canadians is fair and reasonable." That was from Mr. Wiggle, the president of PMAC, to the Special Committee on Drug Costs and Prices on June 16, 1966. Mr. Wiggle has a Dickensian sort of name, I must say. I am not making it up. His name is Mr. Wiggle.

Senator Lynch-Staunton: Like Frith.

Senator Frith: I do not see the Dickensian connection between Frith and Wiggle.

Senator Doody: I can see the law firm banner: "Wiggle and Frith".

Senator Perrault: He is trying to wiggle off the hook here.

Senator Frith: I guess I have to stop and make the point for some persons who are not quite awake yet, or maybe they do not read Dickens: Mr. Dickens always used names that described the characteristics of his characters. I do not remember any Frith in his writings so I do not see where you make the connection. However, since we are examining the possibility of why you have gone stark raving mad by bringing this legislation forward, it is only reasonable to think you might be making such illogical connections.

Senator Perrault: You have gone bonkers.

Senator Lynch-Staunton: We have gone "Frithian".

Senator Frith: In any event, Mr. Wiggle then recommended ". . . a wider availability of drug insurance to prevent catastrophic drug expenses during medical emergencies." That was at page 96. So to recap, Dr. Wiggle and PMAC believed that in 1966 drug prices, which could lead to catastrophic drug expenses, were reasonable. No wonder Canadians were angry.

[Senator Frith.]

• (1050)

In 1986 the Minister of Consumer and Corporate Affairs, Harvie Andre, taking the lead from Dr. Wiggle, stated: "We made a mistake in 1969." What does he mean by "we"? He did not make any mistakes. He thought that the Liberal government had made a mistake. Why it was a mistake? Let us have a look at this mistake.

A good place to begin with is the industry itself. Did we witness, as some would have us believe, the wholesale devastation of the pharmaceutical industry in Canada following changes to compulsory licensing in 1969? All we need to do is turn to Senator Gigantès speech on second reading of Bill C-22 on May 26, 1987 as reported at pages 1059 to 1063 of the *Debates of the Senate*. Here is what Senator Gigantès disclosed and there is an important sequel to this:

Between 1967 and 1982 the assets of our pharmaceutical industry grew from $256 million to $1.3 billion in constant dollars, an increase in assets of 410 per cent. The increase for the whole of manufacturing during the same period was approximately 350 per cent.

Second, between 1967 and 1982 employment in the industry grew 29 per cent. In the United States it grew 23 per cent. The growth rate for employment in Canadian manufacturing as a whole was 4 per cent. We had 29 per cent growth in the pharmaceutical industry when all the "devastation" was supposed to have been taking place.

What about profits? Between 1967 and 1982, average profits for the drug industry were among the highest of all Canadian industries. The Eastman Commission found profit levels for the Canadian pharmaceutical industry exceeded those of all manufacturing industries and appeared to be higher than those in Japan, Germany, France and Switzerland. However, they were not as high as those in the United States, and perhaps that was part of the problem.

Documents obtained from the Department of Consumer and Corporate Affairs in late 1986 showed the pharmaceutical industry to have an after-tax return on investment of 19.3 per cent. That put it in third place behind drug stores and advertising. A 19 per cent after-tax return on investment can hardly be evidence of a "devastated" industry.

What about the alleged drought of research and development in the pharmaceutical industry following the introduction of compulsory licensing? For those who may be interested in the facts, they can read Senator Thériault's second reading speech on Bill C-22, delivered on June 25, 1987, as reported at pages 1400 to 1405 of the *Debates of the Senate*. According to the figures he produced, R & D increased by 448 per cent between 1967 and 1982 from $10 million to $57 million, in spite of the anticipated devastation. He cited Dr. Eastman who stated, "it is difficult to detect a major change in the trend of R & D that could be associated with the date of changes in compulsory licensing."

That was the state of the Canadian pharmaceutical industry during compulsory licensing. The debate on Bill C-22 occupies more than a 150 pages in the *Debates of the Senate.* I suggest that honourable senators read all of those pages and remember the figures brought forward by Senators Thériault and Gigantès. They will not find one word to contradict the facts which Senators Gigantès and Thériault placed on the record. Not even the feeblest attempt was made by the government supporters to dispute what was said then and what I have put on the record today because, during compulsory licensing, Canada did have a very healthy and thriving pharmaceutical industry, even by international standards, and that included both the drug patent and the generic sectors.

• (1100)

There were very generous profits, a large expansion of the asset base, stable R & D expenditures, and an increase in the rate of employment exceeding even that of the industry in the United States. In the meantime, compulsory licensing was saving Canadians hundreds of millions of dollars. Yesterday we heard that, according to Dr. Eastman, the savings were approximately $2ll million in 1983 alone.

The problem was never our domestic industry. If the industry had been interested in conducting meaningful research in Canada, it certainly had the means. The campaign linking patent protection to research is a fraud. It has been shown to be a fraud. The facts, on the record of the Senate that were never contradicted, say it is a fraud.

The problem that the government set out to solve was not a Canadian problem. It was one that existed overseas and south of the border. It did not exist in Canada. When he was president of the Iron Ore Company of Canada, Mr. Mulroney solved problems for Cleveland. Now he seems to be solving problems for Washington and perhaps even Zurich. He sees himself as an international problem solver. However, the problem he is solving, or purporting to solve, is not a Canadian problem.

For the Mulroney government, the road to Bill C-91 began at the Quebec Summit in March 1985, when Irish eyes were smiling and when the intention of entering into free trade negotiations with the United States was first publicly broached. Remember this, and remember what was said later. That is where this mystery started. Given less publicity at that time than the news of free trade negotiations was a declaration made jointly by the Prime Minister of Canada and President of the United States on current trade issues.

The declaration states in part that the two leaders:

> directed that action be undertaken over the next twelve months to resolve specific impediments to trade . . .

and that

> such action . . . will concentrate initially on . . . cooperation to protect intellectual property rights from trade in counterfeit goods and other abuses of copyright and patent law.

To the best of my knowledge, and based on any evidence that has been produced, Canada had no major difficulties with provisions in U.S. copyright and patent law. However, the United States government had long considered the compulsory licensing provisions of our patent law as an irritant. It was an American problem. Consequently, it is clear that the reference in the Quebec Summit declaration was aimed at our patent laws and not at the United States laws. They talk about mutual irritants, but the irritant was an irritant to the United States. In the declaration, our prime minister in effect condemned his own country as an abuser of patent law. That is what the declaration says.

When Prime Minister Mulroney met with President Reagan in Washington the following year, in March of 1986,

> a senior administration official told reporters at a White House press conference . . . that the two leaders had talked about "bilateral economic problems"

including areas where

> "more progress is expected over the coming weeks and months".

Asked what trade issues had been discussed, the official said,

> We had Gulf and Western, we had lumber, pharmaceuticals. Those were the three.

That is a quote from the Toronto *Star*, December 7, 1986.

Picture the scene: The Prime Minister going to see President Reagan in Washington, perhaps in the rose garden, telling Reagan in no uncertain terms that Canada was very unhappy with one trade issue in particular, pharmaceuticals, and that Canada was going to take action.

It is all so ridiculous. Instead of Cleveland calling, we have Washington calling. We have seen that it was not a problem in Canada. It was a created problem. It was created as a Canadian problem by this Prime Minister.

The American administration, as the months went by, made no secret of what it expected from Canada. On April 7, 1986, U.S. trade representative Clayton Yeutter said that the Canadian government had repeatedly promised to revise its patent legislation for pharmaceuticals, but that nothing had happened. This is what Mr. Yeutter said, as quoted in the *Citizen* of June 28, 1986:

> We've been exercising uncommon patience, but even our patience wears thin.

In the spring of 1986, the government was finally prepared to table its new patent legislation, but problems arose in our trade relations with the United States, and that caused it to hesitate.

What were the problems? The U.S. Senate Finance committee was balking at authorizing a "fast track" approach to the free trade talks. Senator Robert Packwood, chairman of the committee, threatened in April 1986 that the trade talks would be vetoed. In April 1986 there was a long story in the *Gazette*

explaining that though the government had planned to introduce the drug bill on Friday, April 18, its introduction was delayed pending the committee's decision.

The American Pharmaceutical Manufacturers Association then joined the Canadian government in frantically lobbying the committee to approve the talks. The association's international vice-president, Jim Kingham, was quoted as saying:

> Our member companies are using whatever contacts they have to change the minds of the senators.

That is from the *Gazette* of April 16, 1986.

Well, minds were changed, and, as we know, Packwood's committee finally gave the go-ahead for the trade talks by virtue of a ten-ten vote. Perhaps Canadians have the pharmaceutical industry to thank for the FTA and the resultant prosperity the PM talks about, but nobody in Canada experiences except those chosen few friends. None of the rest of us feel this prosperity that is spoken about. Whatever it is, it was inflicted on Canada. Had the committee's vote been different, so would the lives of Canadians now be different. But the committee did approve the fast track approach.

However, while doing so, it fired a shot across our bows when committee member John Danforth warned:

> I want to serve notice right now that this Senator does not have to go along with what is negotiated, that this Senator will be very, very hard to please.

He then stated that Canada was going to have to give ground on specific issues, including

> Canadian use of U.S. patents in the pharmaceutical industry.

Now we are getting to patents. Now we are seeing some reasonable historical explanation as to why we are here today on this December day, just before Christmas, having to witness what this government is doing.

The story goes on. On April 24, 1986, the day after approval was given by the U.S. Senate Finance Committee, President Reagan wrote a letter to Senator Packwood outlining his trade goals with Canada. One of these goals was:

> comparable treatment for American and Canadian investment and intellectual property rights.

On May 8, 1986, the president again wrote to Senator Packwood, saying,

> We fully realize that lumber and other pending trade irritants must be resolved before we submit to the Senate the results of the comprehensive negotiations.

We all know how the lumber trade irritant was resolved. A 35 per cent American duty was imposed on our shakes and shingles, and then the capitulation of our government on the softwood lumber dispute. So much for the lumber.

What about the president's reference to "other pending trade irritants"? What were those "other trade irritants"?

[Senator Frith.]

Well, one month after the president wrote to Senator Packwood, then Vice-President George Bush was in Canada. He told reporters:

> that he raised the "problems with pharmaceuticals" during meetings with Canadian officials,

adding that,

> "there are many people in the United States that feel very strongly about it. I made that point, but I would like to see the matter resolved . . ."

That is from the Toronto *Sun*, June 19, 1986.

Would it be unreasonable to surmise, in light of the vice-president's words, that the pharmaceutical issue was one of the trade irritants that the president had in mind when he wrote to Senator Packwood?

A few weeks following the visit by Vice-President Bush, the government, on June 27, on the very last day before summer recess, unsuccessfully attempted to table their new drug bill. Unable to introduce it in the House of Commons, the government instead released it to the public as a government document. We should not be surprised that the document was carefully examined south of the border. How carefully?

• (1110)

The Office of the United States Trade Representative, in its 1986 report on "foreign trade barriers" dealt at length with specific Canadian trade irritants. One of the irritants was "compulsory pharmaceutical patents licensing." The reports states that section 41 of the Patent Act, which was introduced in 1969, "was designed to rectify perceived problems and foster greater pharmaceutical industry competition. The law is highly popular."

Even the Americans acknowledged that the 1969 legislation was designed to promote competition and was very popular in Canada. These facts, however, were of little consequence to the Americans, or, apparently, to the Government of Canada, which had its own agenda.

The report goes on to state that in June 1986:

> Canada announced the terms of legislation it will introduce in the late fall of 1986 to modify Canada's patent law. This proposed bill is being reviewed to see whether it would provide acceptable patent protection standards.

Acceptable to whom? To them. Therefore we know that the Americans reviewed Canada's draft bill in order to determine whether it was acceptable. Apparently, the new standards were not acceptable because when Bill C-22 was introduced in November 1986, the powers of the prices review board were reduced, and the availability of compulsory licences was even further restricted.

The report of the United States Trade Representative then states that the present Canadian law "cost U.S. pharmaceutical interests significant lost revenue each year". If the Americans speak in terms of "significant" revenues, we can be sure that a great deal of money is at stake. Furthermore, if the U.S.

administration was satisfied with Bill C-22, we can also be certain that U.S. pharmaceutical interests stood to gain "significant" revenues each year. These are revenues which, by definition, would be collected from whom?

Senator Kenny: Us.

Senator Frith: Go to the head of the class, senator.

They are revenues collected from Canadians, who, unfortunately, fall ill. The section of the U.S. Trade Representative's report dealing with pharmaceuticals concludes with the following statement:

> The United States continues to raise its concerns at senior government levels. It urges speedy submission of modifying legislation to address serious U.S. concerns about the inadequacy of Canadian patent protection in this area.

It is inadequate to whom? Not to us, not to Canadians. The government, of course, continued to deny that American pressure was behind the bill, in spite of all this evidence. It was mere coincidence that when Bill C-22 was finally introduced it was in a form substantially different from that which was proposed in June of 1986. In between the two dates, we know what happened. It had been reviewed in the United States. Undoubtedly, the government's decision to invoke closure and time allocation on the bill in the other place, and the call of the U.S. for speedy action, were more than mere coincidence.

In spite of these obvious linkages and close collaboration with Washington, over and over again the government denied that there was any linkage between Bill C-22 and the free trade talks.

When the Minister of Consumer and Corporate Affairs, Harvie Andre, appeared before the Senate special committee on Bill C-22 on July 7, 1987 he stated categorically that the bill "has nothing to do with free trade" and that "Bill C-22 is not part of the free trade discussions".

He went as far as to say:

> I have asked Mr. Reisman whether this subject has ever come up at any of his negotiations at any time or any place, and he has said 'no'.

We saw later, however, a slight shift in the government's position. During an interview on CBC's *The Journal* on September 3, 1987, Mr. Andre was asked:

> Are you saying that if we don't get this bill through . . . that'll have no effect on the free trade talks?

Mr. Andre answered:

> Oh, it well might. I mean, if in fact the Senate kills this, what this says to the United States and to the rest of the world is Allan MacEachen is exercising veto power over the commitments of this government.

Notice that Allan MacEachen is exercising veto power over commitments of this government. Mr. Andre used the word "commitments". My response to that is they should not be making such commitments, and he admits they have. If Allan MacEachen were introducing veto power over the commitments of the government, good for Allan MacEachen.

Leaving aside the interesting allegations that Senator MacEachen was somehow exercising veto power, the minister's statement, undoubtedly made in frustration, reveals two interesting things. First, he said the outcome of the free trade talks might be affected by what happened with Bill C-22. If the minister was accurate in July of 1987 when he said Bill C-22 had nothing to do with free trade, how could he say, two months later, that the bill could affect the outcome of the free trade talks?

I want to interject here. We are not simply trying to show how inaccurate, to put it mildly, the government was in its stubborn refusal to recognize the connection between free trade and Bill C-22. We are on the track of trying to find some possible explanation for this madness, otherwise known as Bill C-91.

The second point is Mr. Andre's use of the words "commitments of this government". If the commitments were made by this government about the drug bill, to whom were these commitments made? If they were made only to Canadians, why would they be of concern, in the words of the minister, to the United States and the rest of the world? If the government was concerned about foreign reaction, it can only have been because the commitments were, in fact, made to foreign governments.

In view of this mountain of evidence of catering to foreign interest, claims that Bill C-22 was for the sole benefit of Canadians were simply not believable. Common sense alone would lead to the opposite conclusion, and in October 1987 common sense was given a strong boost when agreement was finally reached between Canada and the United States on free trade.

In Washington, the text of the agreement was released by the Canadian embassy shortly after the deal was struck at six minutes to midnight on October 3. The document was dated October 3. It is starting to feel like we are on the scent of an explanation for why the government is committing this madness. It was quickly recalled by officials, claiming that typographical errors had to be corrected, and a new version, dated October 4, was distributed. Unfortunately for the government, the original version, which had the supposed typographical error, found its way to the *Globe and Mail* which revealed that it contained the following provision which did not appear in the October 4 version. It was:

> Canada has agreed to pass the pending amendments contained in Bill C-22 in respect of compulsory licensing of pharmaceuticals.

That was in the free trade agreement which was yanked back because of a typographical error. No connection between free trade and pharmaceuticals. Some typo; Some error!

The page on which this clause appeared was initialled by Germain Denis, one of our trade negotiators. After all this time of denying any connection, all the smoke and mirrors, the

claims that the drug patent legislation had nothing to do with foreign commitments or with free trade, that it was all for the benefit of Canadians, this disclosure was not very helpful. It was up to the government then to try to get itself out of the discovered—some would call them lies. It went into wild contortions trying to explain why something that had absolutely nothing to do with free trade and had not even been raised in the discussions—Mr. Reisman had not even talked about it—had magically leapt into the pages of the text and been initialled by our trade representative.

Of all the things not discussed, and one could spend years writing a list of things that were not discussed, why was it that it was Bill C-22 that mistakenly dropped into the text and was initialled by our trade negotiator? What a coincidence.

What did the Deputy Prime Minister, Mr. Mazankowski, say when the issue surrounding the October 3 draft was raised in the House of Commons? What do you think he would say? I will tell you what he said, as reported in *Hansard* of October 9, 1987:

> I do not know of such a document.

He continued:

> Just because the Hon. Member —
>
> — referring to Brian Tobin —
>
> —does not like the honest answers that are given —
>
> — talk about "newspeak" —
>
> — it should not give him a licence to suggest that everything that comes from this side of the House is dishonest.

I would agree with that. Not everything that comes from that side of the House is dishonest. I am sure that occasionally, maybe by accident, something honest does come across.

Mr. Andre then stonewalled—and imagine the gall of saying this in that context— by saying:

> Bill C-22 was not part of the trade negotiations.

Mr. Andre, of course, was contradicted by the then Minister for International Trade, Pat Carney, now Senator Carney, who that same day released a written statement which said:

> One such working party sent forward to the negotiators a draft initialled by the working party chiefs recommending the commitment by the Government of Canada with respect to C-22.
>
> The Canadian negotiating team rejected this proposal that was brought forward by a working party in the final stages of the negotiations. This was part of the natural process of these negotiations.

That is what Senator Carney said, the then minister, the opposite to what Mr. Andre said.

In the Senate, Senator Murray had a unique perspective of the events, as he often has. He said:

> If the Senate were to defeat Bill C-22, I believe that many congressmen and senators in the United States would think twice about their support for the Free Trade Agreement —

[Senator Frith.]

But his colleague in the government said there was no connection. He continued:

> — surely, they would take such action as meaning that one of the Houses of the Canadian Parliament was thumbing its nose at the spirit of this free trade agreement.

Thumbing our nose at the free trade agreement by dealing with pharmaceuticals. He was then immediately contradicted by his cabinet colleague, Michael Wilson, who said:

> — if Bill C-22 does not go ahead, one thing will be very clear, it will not affect the tree trade agreement.

And that, right after Senator Murray had said it would. Nevertheless, perhaps this analysis of Senator Murray's was coming the closest to reality. Bill C-22 was hovering above the free trade negotiating table. It was like a ghost or apparition descending but once on October 3 during a seance. When the seance was over, it vanished, but nevertheless remained embodied in the spirit of the agreement.

Future historians will have to be satisfied with ghostly images because the papers of our then Minister of Trade, Senator Carney, have vanished. Do you remember her papers? Well, what a coincidence. The one place we might be able to find out would be in the papers of Senator Carney. They also, like that draft, vanished into thin air. Wherever they vanished, vanish they did, much to her chagrin. Considering the importance of those papers to historians, and the important embarrassment to this government that they would cause throughout history, I think she made a very kind and generous settlement by accepting only $20,000.

What was the perception in the United States of Bill C-22, which was part of the spirit, we hear, admittedly, but, they say, not the reality, of the FTA? The *Washington Post* of October 17, 1987 carried a story on Canada. The headline is "U.S. Bowed to Canadian Demands to Change Pact".

> Reagan administration sources who were close to the final negotiations said the drug issue was part of the deal when Wilson stepped to the window of the Treasury Building just before midnight Saturday and gave a thumbs-up sign to signal there was an agreement.
>
> By Sunday morning, however, the Canadians had a change of heart . . .

Here is the picture. You remember Mr. Wilson going to the window and giving the thumbs-up to indicate that there was a deal. We have just examined how our government kept telling Canadians that pharmaceuticals had nothing to do with it. Let me read that again:

> Reagan administration sources who were close to the final negotiations said the drug issue was part of the deal when Wilson stepped to the window of the Treasury

> Building just before midnight Saturday and gave a thumbs-up sign to signal there was an agreement.
>
> By Sunday morning, however, the Canadians had a change of heart . . .

Why? Because they had been caught without their clothes on. They had been saying that pharmaceuticals had nothing to do with the Free Trade Agreement, that it was all for Canada, that all this drug patent legislation was strictly domestic and had nothing to do with commitments to foreign interests.

The "change of heart", the Washington post goes on to explain—

> . . . was a subject of tense talks throughout the day, interrupted late Sunday afternoon for a joint U.S.-Canadian press conference hailing the agreement. No mention was made at that press conference of the continuing dispute over the drug issue, which was not resolved until 10:30 Sunday night when the United States gave in.

That is, they gave in to not including the drug patent legislation in the agreement. They agreed to yank it out because it showed how the Canadian people had been mislead.

• (1130)

The *Washington Post* article then continues:

> But a U.S. summary of the agreement, released at 6:30 Sunday evening, said the accord contained a clause "to make progress toward establishing adequate and effective protection of pharmaceuticals in Canada by liberalizing compulsory licensing provisions."
>
> And a midafternoon draft of a briefing paper for Yeutter and Baker referred to the provisions on changing the drug patent law, calling it "one of the principal and longest standing trade irritants in our bilateral relations."

At the same time, we were being told there was no connection, and no commitment to foreigners.

This, of course, does not reflect well on our government. This version, however, was lent some credibility by the fact that the October 3rd version of the agreement had, in fact, been signed by Michael Wilson, Pat Carney, Derek Burney, and Simon Reisman.

In seeking an explanation, the Honourable Jean Lapierre asked Mr. Wilson:

> **Mr. LaPierre:** Mr. Speaker, is the Minister of Finance telling me that the Canadian Ambassador in Washington distributed a forged document to reporters the first time around?
>
> **Mr. Wilson (Etobicoke Centre):** Yes, Mr. Speaker, that is a false document. That document was not signed, it was not part of the agreement.

Senator Fairbairn: It was.

Senator Frith: Of course it was signed. That is why I said, when we were trying to use Sherlock Holmes' method by removing the impossible, and thereby finding reasons for what the government is doing, that this resembles a bad dream.

Senator Fairbairn: It is a nightmare.

Senator Frith: But it is not just a dream; we really are here, though the whole eight years has been like a bad dream.

But enough—one can only take so much of what resembles more and more the scripts for *The Goon Show* or *Monty Python's Flying Circus* than *Hansard.* And notwithstanding all of this linkage, the Honourable Harvie Andre stretched the people's credibility to the breaking point by continuing to claim:

> Bill C-22 is a made-in-Canada policy for Canadians.

After all this history, time after time, showing that it was a commitment, and he having used the word "commitment" by saying that if the Senate did not pass Bill C-22, it would affect our foreign commitments, he blandly stated:

> It is in no way tied to pressure from American multinational drug companies or to free-trade negotiations with the U.S.

It is the old technique of deny, invented most successfully by Goebbels. If you are caught in a position, you lie. People then cannot believe that when the facts are all there, you simply deny them.

Honourable senators, if we are to believe Mr. Andre and accept that Bill C-22 had not been introduced because of American pressure—and only a madman would accept that in light of the history — and was not related to the free trade negotiations, why did the government proceed with it? That is what we are trying to find out. Was it because there was a groundswell of public opinion demanding these changes? Was it because Canadians were pleading or complaining to the government that when they or members of their families fell sick, the price of their drugs was too low? Were they unhappy in 1986 paying $11 for Oxazepam—the generic equivalent of Serax—when they could, and maybe should, have been paying over $600 for the brand name version, as people in the U.S. were doing?

I recall many demonstrations on Parliament Hill since this government came to power, but I do not recall any denouncing the government for keeping prescription prices too low. I do not recall the Conservative party telling Canadians during the 1984 election campaign that drug prices were too low or that "U.S. pharmaceutical interests" needed the Canadian government's help in their quest for ever higher revenues and profits, their version of a level playing field.

Perhaps we can answer this question by examining what the bill accomplished. Who stood to gain from the legislation? Bill C-22 provided that brand name companies would have a ten-year period of market exclusivity for their products—seven years if their generic competitor manufactured the active ingredient in Canada.

It is obvious that the brand name multinational pharmaceutical manufacturers were the primary beneficiaries of this

scheme. The opportunity for Canadian generic companies to market copies of brand name drugs was severely curtailed. Free from generic competition, the brand name companies were able to utilize their monopoly position to charge a far higher price for products than they had been able to do previously.

Why else would the brand name companies have lobbied so strenuously in support of the bill? Surely it was not because they wanted to charge lower prices. They could have done that without Parliament's permission. Surely it was not because their parent companies in the United States, Britain and Switzerland wanted to transfer their research laboratories to Canada. There was nothing to stop them from doing that. That could have been done without the blessings of Canada's Parliament.

The government is still at it. Yesterday there was an article in the *Citizen* entitled "Drug firms pledge $200 million in R&D". But the subheadline reads "But decision hinges on passage of new drug patent law".

Senator Lynch-Staunton: We want to get back to a national energy atmosphere.

Senator Frith: That is about as relevant as what Senator Beaulieu had to say. What would be funny if they were not so tragic are the wild statements that come from the other side as they try to provide explanations for this bad dream Canadians are having just before Christmas.

Corporations the world over are in the business of making money, and not for some altruistic purpose. In its simplest terms, brand name companies supported this bill—demanded this bill — because it afforded them the opportunity to maximize profits in a monopoly environment. That is the objective of all businesses, but it is not necessarily the objective of all governments to let them do so at the expense of the governed who elected them. Foreign governments supported this bill because these companies were based in their territories, and increased profits made in Canada would flow into their countries.

Conversely, generic firms were opposed to the bill because it limited their profits by restricting their ability to market new drugs. Consumers were also opposed to the legislation because they were not particularly interested in paying higher prices for prescription medicines when they fell ill. And small wonder.

However, when all was said and done, it was the foreign interests that prevailed, not the Canadian interests. That is the key we must remember over and over again. This bill benefits interests outside of Canada and does damage to Canadian interests. Therefore when Bill C-22 was passed in November of 1987, the interest which prevailed were foreign interests. What Canadians want to know, now that their bad dream called Bill C-22 is over, is this: Why are we back at it again five years later?

[Senator Frith.]

In 1987, the simplistic explanation from the government was that the drug patent legislation was in the best interests of Canada and had nothing to do with free trade, the Americans or anything else. That, honourable senators, was an absolute lie.

In 1992, the simplistic explanation from the government is the very opposite. It has everything to do with NAFTA. Bill C-22 had nothing to do with trade and foreign commitments. Can you imagine, five years later, they come back for yet more, and advance an explanation which is the complete reverse of what they argued in 1987? They say the reason they must enact the legislation is because they have no choice. They say they are required to do it for foreign interests. "Sorry, it is against your interests, Canadians; sorry, seniors; sorry, the poor; sorry, the sick. You are just Canadians, and our duty as your government is to NAFTA and GATT."

Senator Kenny: Whose government?

Senator Frith: They are saying this to the people of Canada. We elected them. We—Canadians—elected them by our system. The government is saying that it owes its obligations to GATT and NAFTA, and it must ram this legislation through, even though the bill is a plague on Canadians. The government is saying that it must pass this legislation for the benefit of foreign interests when, under Bill C-22, the government said that foreign interests had nothing to do with this matter.

Senator Kenny: It is foreign aid for drug companies.

Senator Frith: Having taken a beating in 1987 for claiming that it was all their own idea and had nothing to do with foreign interests or commitments, they learned their lesson. Now they are saying it is the other way around. "GATT and NAFTA are making us do what we are doing to you."

Honourable senators, a review of the statements of the government during the debate on Bill C-22 quickly reveals that all but one of those statements need to be read with a jaundiced eye. The one exception was when Michael Wilson said:

> . . . the United States did try to get further changes in our drug patent legislation that are not reflected in Bill C-22, but it was unsuccessful.

That was in 1987.

Michael Wilson was right when he said that the United States was unsuccessful in 1987 in getting everything they wanted, but in 1992, the United States was successful—extraordinarily successful. Bill C-91 is the crowning glory of their success.

• (1140)

When we were being urged to pass Bill C-22, no one imagined that we would be back at it again in five years. Listen to what was said at that time by the advocates of the legislation. Harvie Andre said that Bill C-22 "is a carefully crafted package which balances a wide variety of interests." Stuart

Alexander, President and General Manager of the Upjohn Company of Canada, stated:

> The passage of Bill C-22 will provide a healthy environment for both the innovative and the generic industries.

Pierre Fortin, Director of Government Liaison, Pharmaceutical Manufacturers Association of Canada stated:

> This long-sought-after change is welcomed by PMAC . . . Our intellectual property will be protected from being copied by generic companies for a period of seven to ten years. While not identical, this protection of intellectual property is consistent with the practice of all Canada's western industrialized trading partners.

This statement was made in relation to Bill C-22. We are hearing a lot of very similar things today. Mr. Fortin goes on to state that:

> Bill C-22, as passed by the House of Commons, is a fair and balanced compromise which will benefit all Canadians.

Dr. John Zabriskie, immediate Past President of the Board of Pharmaceutical Manufacturers' Association of Canada stated:

> At the outset I want to say on behalf of our membership that Bill C-22 is not all we had hoped for —

We should have paid more attention, folks. He states that it is "not all we had hoped for, and Bill C-22, in our view, is a compromise bill." We should have expected them to come back. He goes on to state:

> Nonetheless, the bill is a balance restoring partial recognition of our intellectual property. PMAC stands behind the thrust of that bill; furthermore, we stand firmly behind our commitments to it.

Mrs. Judy Erola said:

> I believe that Bill C-22 provides fair recognition for the contribution that our industry makes to the health and wellbeing of all Canadians, and I do believe that Bill C-22 is a compromise, full of checks and balances, that is good public policy for Canada.

That was stated to the Standing Senate Committee on Banking, Trade and Commerce. Finally, we had Mrs. Erola once again declaring, on November 19, 1987, that the passage of Bill C-22 "means the beginning of a new era in Canadian biomedical research." How "new" was the era? It was not very long. An era is hardly five years.

The "new era" is over. The "healthy environment" provided by Bill C-22 apparently has grown sickly. A regime "consistent with the practice of all Canada's western industrialized trading partners" is now an outlaw regime. "The good public policy for Canada", which they spoke of on Bill C-22, has become bad policy; and the "fair and balanced compromise" that was Bill C-22 is no longer fair and is not compromised enough.

When Dr. Zabriskie, former PMAC Chairman, was before our committee on Banking, Trade and Commerce, I questioned him directly about whether Bill C-22 was enough for his industry and, in particular, for the industry's foreign masters. I asked him, "Are you getting enough?" When it came time for headquarters Zurich or Washington to divy up the company's worldwide R & D budget, how would Canada, under the Bill C-22 regime, measure up? I said to him:

> The question left with me is: If we pass C-22, he will have to go down there and say, "Look, we have passed Bill C-22. Now can I have some research for Canada?" The reply will be "You are still 'way short of what we have in the United States. Why should I give it to you? You go back to Canada and get something better than C-22, because that is not good enough."

Mr. Zabriskie said:

> The answer to the question is: While it is not everything that we wanted, it provides an investment climate sufficient that we can take advantage of the good research that exists in this country.

That is an answer. "So it will happen", he says. We know how good those reassurances are. Dr. Zabriskie was either very mistaken or misleading. Bill C-22 was never sufficient for PMAC. Bill C-91 will never be sufficient for them. I repeat: Bill C-91 will not be sufficient. Do no mistake that. We should not kid ourselves; Bill C-91 will not be enough. Some country somewhere in the world will increase patents for pharmaceuticals to 25 years. Senator Murray spoke about some that already have 23 or 24 years. What will happen? Do not think that they will not be back. They will be back with the same old story. Someone may have increased it to 30 years. They will come back and say, "Canada, you are out of step. Come on along." They will go to anyone who is behind us — I do not think anyone is—and come up to Canada and say "Look, there are places in the world that have 30 years, 35 years, 40 years. Canada, come on. You are falling behind. Catch up." That is the argument.

What does our Holmesian analysis show as to why we are watching this government commit another suicidal act in its determination to scorch the Canadian earth of all its long-established and salutary policies? We approached it in the Holmesian manner. You remember what that was. The Holmesian analysis, as Sherlock himself said, is "When one has eliminated the impossible then whatever remains, however improbable, must be the truth."

What "impossibles" did we eliminate? First, that the government is telling the truth. We saw that they did not tell the truth about this subject at all. So that is impossible. They are not telling the truth, although we will hear all of these things from whomever speaks on the other side.

What about the proposition that they mean what they say? We found many examples of their "newspeak" when what they say and what they mean are the exact opposite. Could it be that they say what they mean? The same problem. Not according to their "newspeak". "Sacred trust" does not mean

sacred trust, it means betrayal. Remember all those examples that we have of George Orwell's "newspeak" when this government came into office? "Sacred trust" means no sacred trust; "child care" means no child care; "clean government" means an orgy of patronage and a scandal-ridden administration; "constitutional peace and national reconciliation" means the exact opposite, namely, constitutional warfare; "a greater role and more respect for Parliament" means the opposite; "consultation" means we have to make hard, tough choices, with no consultation; "jobs, jobs, jobs" means the exact opposite, it means unemployment. That was the third possibility, that they say what they mean. That is an impossibility that we have to remove.

Four was that they have gone stark raving mad. There is evidence of that, but not enough. That cannot be the reason. That this is all a bad dream? We have disposed of that. I am afraid that it is not. I wish it were. Is their judgment about the benefit of this legislation correct? All the evidence that we have put on the record yesterday and today shows that that cannot be the reason.

The seventh possibility was that they have foolishly put themselves into a hopeless box by a string of sellouts to foreign elements. That is what Sherlock Holmes must leave us with as to why we are witnessing this madness a few days before Christmas.

• (1150)

Honourable senators, this bill is just another example of the pestilence this government has imposed on the people as slavish enforcers for international big business. We have seen all the evidence. For now we can only pray that it is its last example. An election would make it its last, but the government, the villain itself, is the only one that can bring that about. It will put that off as long as it can, because it knows the punishment that awaits it when the Canadian people finally catch up with it. I wish I could do more than speak and vote against it.I will surely do that after this government finds the guts to call an election. When that blessed day dawns to find it gone, I hope I will have the chance to do more to reverse this tragic and iniquitous consequence.

Hon. Herbert O. Sparrow: Honourable senators, if I might I would like to ask the honourable senator a question: When the present Conservative government is soundly defeated in the election—and it will be—and there is a more sympathetic, compassionate, honest and believable government in power and there is a bill before this house to rescind the provisions of bill C- 91, will the honourable senator then vote to rescind the provisions of this bill? Will the honourable senator now serve notice to Parliament, to pharmaceutical companies, to GATT negotiators and to all Canadians that he will vote to rescind the provisions of bill C-91?

Senator Frith: Honourable senators, if there is—and I hope there will be—a government bill before this house to repeal the provisions of Bill C-91 and reestablish compulsory licensing, I will not only vote for the bill, I will speak in its favour and I would be honoured to be the senator to present it to this place. That answers the rest of the question too, I believe.

[Senator Frith.]

Senator Sparrow: Thank you very much.

ROUTINE PROCEEDINGS

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Dan Hays: Honourable senators, I would like to participate in this debate in the time allocated. However, before doing so I wonder if I might revert briefly to another item which is prompted by the unexpected sitting of the Senate at this time.

The Standing Committee on Energy, the Environment and Natural Resources, which I chair, had scheduled a meeting at its regular time, which is noon today, to receive evidence from Mr. Ric Careless. Hehas prepared a report for the committee on the setting aside of 12 per cent of the Canadian land mass as suggested in the Brundtland Commission Report. That would mean an increase of 6.9 per cent if we were to implement that recommendation. The writer of the report is scheduled to return to Vancouver today.We would like to proceed with the meeting, but because of the rules, I understand we are now in a process which will take us through to at least 3:30.

I would ask leave of the Senate to revert to Notices of Motion so that I might ask for leave to have the committee sit at 2 o'clock today. It is unable to do so at noon.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, Senator Hays has spoken to me about this matter and I find the situation, as you are aware, delicate and embarrassing because I had a similar request from Senator Bolduc yesterday and I found myself having some difficulty in accepting it because of the importance of the debate. However, as the honourable senator has pointed out, this is the regular sitting time for that committee, so under these unusual circumstances I will reluctantly agree to grant leave.

I believe that with Senator Bolduc, we have reached an agreement where the witnesses will be heard tonight at 6 o'clock. Is that the way it looks at the moment?

[*Translation*]

Hon. Roch Bolduc: Honourable senators, there is a minor problem. The minister has already been asked to come at 6 p.m., for Bill C-63. If we have to come back at eight, I don't know where this leaves us. Once the minister's testimony has

been heard, and if there are no further witnesses, it shouldn't take very long. The question is whether we will have time to hear our two witnesses —and I hope we do—between seven and eight. It may be necessary to extend the sitting for half an hour or an hour.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I see your point. I think that, in the circumstances, we could agree to an extension. As I said before, the current debate on C-91 is very important. There is also the debate, due to start imminently on New Brunswick's constitutional amendment, which interests many of our colleagues. I wouldn't want honourable senators to miss a chance to take part in this debate and hear what their colleagues have to say. In the circumstances, Senator Bolduc, I agree.

[*English*]

Senator Hays: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(a), I move:

> That the Senate Standing Committee on Energy, the Environment and Natural Resources have power to sit at 2 o'clock today, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation there to.

The Hon. the Speaker: I understand that leave is granted. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Roch Bolduc: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*a*), I move:

> THAT the Standing Senate Committee on National Finance have power to sit at 6 p.m. today, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

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

Some Hon. Senators: Agreed.

Motion agreed to.

ORDERS OF THE DAY

[*English*]

PATENT ACT AMENDMENT BILL, 1992

SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Beaulieu, seconded by the Honourable Senator Comeau, for the second reading of Bill C-91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters.

Hon. Dan Hays: Honourable senators, I had indicated my desire to speak on second reading stage of Bill C-91, and this is my opportunity. It is not an area in which I have had a chance to spend much time on the details. However, there are some matters I would like to draw to the attention of honourable senators and others through this public process, and express concerns that I have about the process which we are pursuing here, about the legislation itself, and some comments about how we might better deal with these issues in a procedural sense.

Time allocation at this particular stage of this legislation is inappropriate. Attempts to shorten debate should not be made until it is obvious that they are necessary. I do not believe that is the case with respect to Bill C-91. I appreciate the difference between government representatives and opposition representatives in this context; the practice of politics, whether on the government side or the opposition side, is the same.

However, for this legislative body or the House of Commons to play its role, time is needed for legislators to hear from constituents, whether they are individuals, provincial governments or other bodies, and to ensure that they fully understand the positions taken by these constituents. It takes time for that to happen in the process of governance as it should take place in Canada. In this case, time was not given because of the premature movement to shorten debate on Bill C-91.

It has to be accepted that the process in Parliament, part of our governance, may lead to a delay, and may result in amendments or changes in the legislation under what I may call extraordinary circumstances. That is what is supposed to happen. In our debate today, that is being prevented from happening because of stubbornness, ignorance and lack of understanding on the part of those who simply use Parliament as a subcommittee of the cabinet rather than as a place for debate and a place for change in legislation.

As to the constituent I first represent on this occasion, I speak on behalf of what was the government of Alberta, and I expect will be the case for the new government of Alberta, and its opposition to this legislation. This legislation is a tax increase at the provincial level. The effect of Bill C-91 will be that we will pay more for prescription drugs through the increased period of exclusivity. Pharmacare programs, or the equivalent in other provinces, will cost taxpayers of the province more money—more money that will not be offset by established programs funding increases on the part of the federal government sharing the cost of our health care system. With this legislation the federal government is indirectly increasing provincial taxes, or increasing provincial debt if the province is unable to look to traditional sources for the

revenues that it will need to pay these increased costs. That is unacceptable, honourable senators.

The question then is, why is the government doing it? This question has been dealt with at length by previous speakers and will be by future speakers. Clearly, it is to help the manufacturers of brand name drugs. The next question is, do these manufacturers of brand name drugs need this additional revenue? Do they need this help? They are already one of the most profitable manufacturing sectors—if not the most profitable manufacturing sector—in the world. Therefore, the answer to that question is no, they do not need more money.

As Senator Frith, and I am sure others, have pointed out, these organizations are not altruistic research scientists trying to invent new cures for diseases, but rather they are organizations which are structured to make profit. Therefore, they require oversight, and where they do business, governments should ensure that there is healthy competition, and that the market works as it should to ensure that government makes decisions that are in the best interests of all.

I do not think that is the case in granting a further period of exclusivity for these already profitable companies in that their motivation is not altruism but, rather, profit. We have to regard them that way; to mistake the two is an error on the part of those responsible for governing the country.

I am interested in the role of government here, particularly in an environmental context and in relation to what we hear from so many as an important initiative to preserve biodiversity in forest regions, to ensure there is a source of new chemicals that naturally occur in those environments which are beneficial for medical purposes and address the problems of disease. I mention that because no one has said anything about the role of these companies in that area, or the role of these companies in ensuring that biodiversity is preserved, in order that those chemicals which are presently unknown might be discovered for the benefit of those living things on earth.

In that context, the other question is, is this an important industry to stimulate? Clearly, to the extent that we create jobs and economic activity in Canada through research and development and through the manufacture of fine chemicals, it is a good thing. But will this bill give us the result that we want? To a degree, in the province of Quebec, it is perceived that that will be the case. However, in no other province does that seem to be a view held. Again, to go back to the tax analogy, is it fair to tax all Canadians in this particular area to give rise to activity that largely occurs in only one region? That is something that bears closer scrutiny than it has received. Speaking from the point of view of Alberta, we should ask those hard questions and receive answers to them before this type of initiative proceeds.

It seems to me that we are stimulating an industry that is totally foreign-owned as opposed to the generic industry, which compulsory licensing stimulates and results in activity here. Directly or indirectly, the industry has found ways—because it has the resources to do so—of syphoning off the profitability into other areas, either in its own country where the head office of the chemical company is located, or in another jurisdiction in which it chooses to have its funds for its own purposes. Therefore, for that reason this is not a good industry to stimulate, and this particular action is for that purpose.

On those counts that I have listed, I do not see this as being a good idea *prima facie*, and I will vote against Bill C-91 at second reading stage.

I also wanted to comment on the motivation which is enshrined in the now-being-negotiated General Agreement on Tariffs and Trade. As has been pointed out, we have no agreement. I would point out, we may have no agreement. There is a very contentious problem in the current round that we are all familiar with on agricultural subsidies.

• (1210)

It is highly likely that because people involved in the current GATT round are attempting to do too much, in my opinion, the GATT round will not be successful and we will not have an agreement as anticipated. We will either go into a new round or this round will be extended for a further period. This will be driven by changes in government in the United States and I believe changes in government in Canada, and a different mandate being given to the negotiators.

It may be a very long time before this issue is dealt with. When it is dealt with, it may be a very different environment for the reasons that have been emphasized by Senator Frith and others; that other countries may wish to follow the Canadian example, much to the chagrin and annoyance of the brand name drug companies.

Even if this was a good idea, it is not timely to proceed with it now on the GATT justification. There is no agreement. There may be no agreement for some time.

I would love to get into the reasons why the current GATT agreement should not proceed as Mr. Dunkel suggests, but perhaps that can be set aside pursuant to a reference on the Order Paper specifically concerning the GATT.

Honourable senators, I conclude by reverting back to where I began; on process. The use or lack of use of Parliament has on many occasions given rise to the current sitting government of Canada doing things that were not timely, that were wrong, and, to the extent they were right, have not been competently implemented. The GST is a classic case in point.

We have in debating C-91 an opportunity to persuade the government to do things differently. The great shame of the process that we are involved in now is that because of stubbornness, because somebody has made up his mind, either a bureaucrat, a minister, or combination of the two, we are going to push ahead with bad legislation.

It is in no one's interest. I intend to vote against C-91 at the second reading stage. In the event that those of us in opposition are not successful in stopping it here, I will assist in any

way I can to prove the error of the government's ways in pursuing this extension of the period of exclusivity from 17 to 20 years and, in some cases, more because of the unacceptable retroactive effect of the legislation.

Senator Sparrow, you have a question?

Senator Sparrow: Yes, honourable senator, I do have a question.

If in the future when there is a new government in power in Canada and there is a bill before this house to rescind the provisions of Bill C-91, will the honourable senator then vote to rescind the provisions of this bill, and will the honourable senator now serve notice to Parliament, to the pharmaceutical companies, to the GATT negotiators, and to all Canadians that he will vote to rescind the provisions of Bill C-91?

Senator Hays: Thank you, Senator Sparrow. I will be very brief. I believe everyone must take the world as they find it, not as they wish it to be at some point, or as it was in some point in the past. At this particular moment, I am opposed to the provisions of C-91 and intend to vote against it.

At some future point in time when we revisit it—I am sure we will in the next few years—what will the circumstance be? If the circumstance is as it is today, then the answer to your question is yes. I would support rescinding Bill C-91.

More importantly, I would support, though, a re-examination of the whole issue of the matters raised in the Eastman report and C-22, et cetera.

There may be more at that time, Senator Sparrow, that I do not know about or cannot predict now. Perhaps you could clarify your question about what future circumstances might be. I hate not to just give you a simple "yes" answer, but it would be irresponsible to do that. I say that we must take the world as we find it at the time that new proposal is suggested. I personally would much prefer a re-examination of the whole thing and do away with C-22 as well.

Senator Sparrow: Thank you, honourable senators. You said you take the world as you find it, or they take the world as they find it. That is what is happening with this government. They are taking the world as they found it, and they are trying to keep it. They are not prepared to give it back to Canadians as a whole.

I have a second question. The Honourable Michael Wilson, the Minister of International Trade, speaking on behalf of the Government of Canada in the House of Commons last Friday, stated that there will be an increase in the cost of drugs, but all Canadians have to do to offset this increase in cost is to use one less drug prescription per year. That was a statement he made in the house.

Do you think that action would be a reasonable approach to save money on drugs, as does Minister Michael Wilson? Would such action cause early and untimely deaths of thousands of Canadians, which would further reduce the cost of medical care in the future for those unfortunate citizens, a policy which it appears the government is now pursuing?

Senator Hays: Thank you, Senator Sparrow. I think the comment attributed to Mr. Wilson is a cruel and thoughtless remark.

Senator Cools: He is that way.

Senator Hays: He speaks to a constituency that does not include people who are sick and who do not have any alternative but to look to medication as a means of relieving pain and those things that make their lives a misery. Mr. Wilson is speaking to a group of people for whom dollars are not a serious concern. I suppose that is where he came from, from a banking and brokerage background. He seems never to have included all Canadians in those people that he wanted to serve. That remark seems to reinforce that view.

Senator Sparrow: Thank you, honourable senator.

Hon. Anne C. Cools: Honourable senators, I wish to join with those who are in opposition to Bill C-9. I preface my remarks by saying that I feel a profound disappointment with some of the rumours that I have been hearing in the halls and the corridors this morning to the effect that we shall soon be joined by some new senators. The rumour is that there will be a batch of appointments shortly.

As the government across the way knows, we who sit on this side had nicknamed the famous eight senators who were appointed to pass the GST, the "Royal Eight", or the "Swamp Senators". If we do have another group of new senators courtesy of Mr. Mulroney and His Excellency, the Governor General, I should like to baptize them the "Drug Barons and Baronesses". As you are aware, honourable senators, our counterparts in the House of Lords in England are almost all barons.

Honourable senators, we are Liberals on this side. We stand in stark contrast to those of you who sit on the other side of this chamber. I understand that, historically, the term "Tory" meant bandit, in particular Irish bandit. If ever a bill before us could be described as banditry, it is Bill C-91, a bill of excessive profiteering.

• (1220)

Other senators who have spoken before me have done superb jobs of outlining the violations in process and procedure. Other senators, in particular Senators Kirby and Frith, have outlined the technical inadequacies of the bill and the social injustices which it contains. They have addressed the deleterious effects that Bill C-91 will have on the Canadian people.

What I would like to do in these few minutes is to talk a little about the pharmaceutical industry itself and the fact that this extremely successful industry is, essentially, able to get its way in the formulation of legislation and government policy. Not only is this industry getting its way nationally with this government, it has been extremely successful in also getting its way internationally. The pharmaceutical industry and its lobby are getting their way in international treaties such as the GATT and NAFTA.

Honourable senators, not only has this industry been capable of compromising Canadian citizens in the area of drug prices, it will also compromise Canadian national sovereignty in the future if it gets its way in the GATT and the NAFTA, since this Conservative government and this industry appear to be in harmony.

As a Liberal, I believe that profit is desirable. As a matter of fact, if honourable senators knew my family origins, they would know that in our family, making profit is desirable, and that making money is desirable. My mother was a Methodist. She taught me that if you are too poor it is because you have been sinful.

In order to keep some balance and understanding of the respect that we have for acumen, talent and skill in the marketplace, I must tell honourable senators that the pharmaceutical industry has been a blessing to the world. It has been capable of taking ideas and developing them from a research point of view, It has taken that research through production, and then bringing the resultant drugs to market.

I am just barely young enough, or old enough, to have come from a generation that understands infant mortality. For example, I lived in a family in which many children died, children who would have lived had certain drugs been available, or more widely available. For example, penicillin was not widely available in the early 1940s.

When one looks at human beings who suffer from various afflictions, diseases and pathologies, it is important for us to understand that the pharmaceutical industry has made people's lives better. The industry has tremendous relief to them.

On the other hand, which is why we are Liberals, we understand that there is a human characteristic called greed. There is a human characteristic, greed, which compels human beings to make greater and greater profits. Traditionally, as Liberals, our governments, through those of Mackenzie King, Prime Minister Mr. St. Laurent and especially Mr. Pearson's, were always willing, ready and able to use the hand of government to intervene in the marketplace. Our Liberal governments ought to maintain a balance between human need for relief from suffering, and the other human need of making excessive profits.

Liberal governments have always been ready to intervene on behalf of humanity. That is one of the real differences between us and the Tories. This will always be a major differnce between Liberal policy and Conservative policy.

Honourable Senator, the world is replete with rumours and rumours of rumours. The pharmaceutical industry has successfully lobbied senators opposite. I would like to place on the record some of the elements in this regard. I would like to place on the record two rumours I have heard. I understand that one of the lobby groups was paid $10 million to promote advancement of the pharmaceutical industry's interests.

I am also aware that we Liberals have a former colleague, Judy Erola, who was hired by the pharmaceutical industry to advance their interest. She is currently President of the Pharmaceutical Manufacturing Association. As we all know, compulsory licensing and Liberals' attachment to compulsory licensing was a tremendous source of upset for the pharmaceutical industry. One of the rumours I have heard is that on the passage of Bill C-91, Mrs. Erola will be paid $1.5 million. If these are only rumours, I will be happy and relieved.

Whether they are rumours or not, we may never know. However, I would like to draw the attention of my colleagues to a few other matters. I draw your attention to correspondence with which we have been besieged by the pharmaceutical industry lobby. I would like to read a passage or two from a letter sent to me by Mrs. Erola. It is dated June 26 and states in part:

> Dear Senator Cools:
>
> You have no doubt heard that on June 23rd the federal government tabled legislation to change the Patent Act for pharmaceuticals.

She continues,

> Patents will now run their full course, to 20 years after a patent is filed, and will not be cut short by compulsory licences which allow generics to come on the market after 17 years.

Her letter concludes with these words:

> We strongly believe that the changes which the federal government has made to the Patent Act will be good for Canada.
>
> We look forward to discussing this new legislation with you further.

The next letter which I should like to put on the record is one dated November 19, 1992. Again, it is from Mrs. Erola. She states:

> As you know, federal legislation (C-91) which moves Canadian patent law for pharmaceuticals to world norms is currently before Parliament.

She concludes her letter with these words:

> Predicting the future is a risky business.
>
> If you would like any additional information, please do not hesitate to give me a call.

Needless to say, honourable senators, I have not called and shall not call. I feel quite strongly about this, a former coleague who has abandoned the Liberal gonvernment's initiative of compulsory licensing.

The final correspondence in this trio of letters that I would like to put before the chamber is a letter from the President of Glaxo Canada. Honourable senators, I have never in my entire life received a letter from the President of Glaxo Canada. In any event, his letter is dated September 29, 1992.

He writes:

> I need your support of this proposed legislation because of the very positive impact it will have in

> Canada in generating $400 million in additional investments, creating high value jobs and increasing research and development leading to the discovery of cures for diseases affecting Canadians.

He concludes:

> I hope I can have your support on this matter.
>
> Sincerely,
>
> Jacques R. Lapointe
>
> President & CEO
>
> GLAXO CANADA INC

I am very sorry, Mr. President Lapointe, but you cannot have my support on this matter of the passage of Bill C-91.

This constant flood of literature, senators, is overbearing and disturbing. They call it persuasion. I call it lobbying.

In addition, I wish to draw the attention of honourable senators to the November 19 issue of *The Hill Times*. Within the advertising supplement there is a four-page ad from the Canadian Pharmaceutical Manufacturers Association, promoting the benefits of Bill C-91. It purports to be totally objective. I ask honourable senators to note that among the information in this issue, on page 21, there is a list entitled "The Top Twelve Pharmaceutical Corporations in Canada". These seem to be listed in order of influence: 1. Merck Frosst; 2. Bristol-Myers Squibb; 3. Marion Merrell Dow; 4. Johnson and Johnson; 5. Glaxo; 6. American Home Products; 7. Ciba-Geigy; 8. Apotex; 9. Abbott; 10. Miles; 11. Novopharm; and 12. Eli Lilly.

What is interesting about this particular list is that Merck Frosst is number one. As the Committee study upfolds, Merck Frosst's prominence in the industry and in this lobby will become clear. Merck Frosst's interests and satisfaction in these interests will be revealed.

Honourable senators, I wanted to put a few of these things on the record because these pass before us all the time. For the most part, we ignore them, throw them in the garbage, whatever. I suppose those on the Government side heed them, but very rarely do any of these documents make their way into the public record. I think we should begin to put some of them on the public record and I hope they will be read by future generations.

I would also like to cite a gentleman, someone who is no friend of mine. As matter of fact, in many of his social commentaries and some of his books, he has been most unkind to me personally, very uncharitable, but I suppose that is part of being a journalist.

I would like to quote from Dalton Camp. We all know that he is a Tory. (I see that Senator Doyle is smiling). Maybe Senator Doyle has some doubts, but I know for a fact that Dalton Camp is a Tory.

This article is from the *Toronto Star* published on December 2, 1992. I would like to cite a few passages from this article entitled "Drug bill an overdose of greed by Ottawa". The title of this article reveals the problem with this legislation.

The Hon. the Speaker *pro tempore*: The honourable senator's time has expired. By leave she may continue.

Hon. Senators: Agreed.

Senator Cools: The article reads:

> A theologian was describing the politics of this decade—thus far—as a contest between the politics of self-interest and the common good. So guess who's winning.
>
> It is not clear to me why the Conservative government in Ottawa wants to extend the already generous protection enjoyed by multinational drug companies operating in Canada on their drug patents . . .
>
> Those familiar with contemporary Tory dogma, including true believes, cannot locate the course of the government's deep-seated concern for patented drug manufacturers, all of whom are from elsewhere. Certainly it has nothing to do with competition since, in the drug business in this country, there is none. Nothing to do with de-regulation since, as with the original bill, this son of C-22 imposes more regulation.

He also writes, and I am quoting directly because I do not use this kind of language,

> Having done all this intensive research on what life in the trenches is like during the drug wars, I confronted my friendly pharmacist just as he was alighting from his Daimler sedan. "What the hell's going on?" I asked, thrusting the gist of my research under his nose. Herewith, the gist of his response: (1) Prescription drugs do fluctuate in price, usually upwards. (2) We ain't seen nothin' yet. Wait until January, 1993.

Mr. Camp continues:

> The sad truth is that, in Ottawa, no one of importance really gives a damn about the abandoned Canadian consumer so that if the Mulroney government wants to get in bed with the international drug companies . . .

I think that for once Mr. Camp articulates the situation most succinctly and clearly. I congratulate him.

Honourable senators, I repeat, I think it is important to put a few of those matters on the record. Of all the bills that have come before us, this one is the most shocking, the most inhuman, the most excessively low-natured. There is very little in this Bill that can be said to elevate the human spirit. This Bill is about unbridled lower nature.

Honourable senators, this is a sad state of affairs. What we have here is a very compromised former Liberal cabinet minister — a second or perhaps third rate cabinet minister, not a particularly important cabinet minister at the time, but nonetheless compromised—has successfully assisted a very hefty industry. This hefty industry was armed with extravagant quantities of money to spend on suasion. I am still young enough, or perhaps idealistic enough, to be shocked by the vulgar quantities of money that have been spent by the pharmaceutical industry to procure this Bill and its predecessor,

Bill C-22. I have been scandalized by the outpouring of the pharmaceutical industry's activity. I am equally scandalized by those who profit from this activity.

We understand very clearly that Tories are Tories and that Liberals are Liberals, but when one sees the combination of bad legislation with a few corrupt practices with a total disregard for both Houses of Parliament, one begins to be very suspicious. I am, honourable senators, very nervous about the future of Canada. This is a bad bill and it deserves not to pass this legislature.

• (1240)

I wish to end my remarks by responding to Senator Sparrow. When I was a little girl, my mother instructed me that when men ask questions, I should respond, "No, no, no!" But to your question, Senator Sparrow, my answer is "Yes, yes, yes!"

Senator Sparrow is a very good senator and very dear to many of us. I know he wants to ask me if I am prepared to vote to repeal this bill; and, secondly, whether I am prepared to restore compulsory licensing. The answer is yes, Senator Sparrow; yes, yes, yes!

Some Hon. Senators: Hear, hear!

Senator Cools: Honourable senators, I am aware that I was imposing on your time, so I must respect that little bit of charity.

Hon. M. Lorne Bonnell: Honourable senators, I could go on for two hours about this bill, but I am told I have only 15 minutes. So in case I forget to say so during my preamble, I am against this bill in principle and will be voting against this bill in principle.

Senator Kelleher: I am surprised to hear that.

Senator Bonnell: You are surprised?

Senator Kelleher: I am shocked.

Senator Bonnell: Well, do not be shocked because I am a left-wing Liberal who believes in the common man, the ordinary working people, and believes in helping the sick, the disabled, and the underprivileged.

Senator Beaulieu: You are an NDP.

Senator Bonnell: I did not say that. You said that. You are one of those. I said I was a left-wing Liberal.

Honourable senators, apparently your time on that side is very important because you are limiting our time. You want to hear what we have to say and then you expect us to sit down, so I will do that.

To not waste time, I wrote out this speech—which I do not ordinarily do—to make sure that I do not put in any adjectives or adverbs that need not be there. I want to ensure that I get my 15 minutes in without wasting any words.

Some Hon. Senators: Hear, hear!

Senator Comeau: A great speech so far.

[Senator Cools.]

Senator Bonnell: On June the 23, 1992, the last day before the summer recess, the government introduced Bill C-91, an Act to amend the Patent Act. This, however, was not the first time we heard about the government's plan to strengthen patent protection for pharmaceuticals.

On January 14, the Minister of Industry, Science and Technology and the Minister of Consumer and Corporate Affairs endorsed the draft text—let me repeat—the draft text of the GATT agreement which would allow pharmaceutical patent owners to enjoy the full term of protection now provided to patent owners in all other sectors of our economy. A drug is now no is better than a mousetrap. That is what the government thinks of the health of the Canadian people.

Senator Perrault: Shame!

Senator Bonnell: According to a government press release of June 23, 1992:

> The proposed legislation, which applies to patent drugs only, will bring patent protection for medicines into line with that accorded new products in all other sectors of the Canadian economy. This adds, on average, three years to the effective patent protection of innovative drug products from 17 to 20 years.

In actual fact, it goes from 7 years to 20 years because under Bill C-22, they had 10 years protection. Now it goes to 20 years.

This bill, honourable senators, is about more than just bringing patent protection for medicines into line. It is about politics. It is about a lobby effort like none other we have witnessed in many years. It is about a government that is willing to sell Canada and our health care system to the huge multinational drug companies, predominantly American-based, at the expense of a Canadian-based generic drug industry.

As pointed out by Christopher Young in his National Affairs column in the *Ottawa Citizen* on June 27, 1992:

> They're at it again, selling bits of Canada under pressure. Having succumbed in 1986 to the demands of the immensely lucrative multinational drug industry and the Reagan administration, Brian Mulroney and Michael Wilson have sold out again.

And he continues:

> The Tories introduced a bill giving the pharmaceutical giants even more protection, squeezing the Canadian generic drug industry harder, forcing provincial governments to increase spending on medicine, making more Canadians who pay for their own pay more now.

I agree with that statement. It is my opinion that this bill would fundamentally harm our Canadian-owned drug industry and seriously threaten our system of medicare in Canada.

I wish to make a few comments on Bill C-91's predecessor, Bill C-22. As you may recall, Bill C-22 restricted the compulsory licensing of pharmaceutical patents and granted exclusive protection to patent holders. Why did we on this side of the

chamber fight so hard against Bill C-22? Mainly because we were afraid that increased drug costs would seriously harm our health care system in Canada.

And we were right, honourable senators. Increased protection has increased drug prices, thus putting more strain on our overburdened provincial health budgets and our drug programs. According to the most recent public figures available from Health and Welfare Canada, the proportion of total health care spending going to drug sectors increased from 8.9 per cent in the mid-1970s to 13.3 per cent in 1990. It will go up to perhaps 17 per cent in 1993-94.

Honourable senators, you are well aware of my concern and fear of Bill C-91. As a doctor, I can recognize the need for a prosperous, innovative drug industry. I recognize the importance of continuing research and development in Canada, but I also recognize the need for balance. This bill is not balanced. It overwhelmingly favours the brand name drug companies and multinationals.

Drugs are a crucial factor in our health care system. As described by the Canadian Medical Association in their presentation to the legislative committee in the other place:

> More must be done to assure Canadians continued access to necessary drugs at affordable cost. This is especially true in a fiscal or economic environment where provincial governments are being forced to cut back on publicly-funded drug benefit programs for the elderly and where employee health benefits plans in the private sector are being scaled back in favour of job security and international competition. As more Canadians are paying more out of pocket for needed drugs, it has never been more important to ensure that reasonable prices for patent and generic products be established and maintained over time.

The government continues to assert that there will be jobs created if we increase patent protection, that more research and development will be taking place, thus creating these jobs. I fully support additional research and development taking place in this country; however, I believe the costs outweigh the benefits.

As pointed out by Dr. Stephen Schondelymeyer, a professor of Pharmaceutical Economics at the University of Minnesota, in his brief to the legislative committee in the other place:

> Although the passage of Bill C-91 may have a number of positive effects for some sectors such as stimulation of additional pharmaceutical research and development in Canada, this piece of legislation will also have some very real costs in terms of increased pharmaceutical expenditures throughout Canada. These increased pharmaceutical expenditures will be felt by individual Canadian citizens, by hospital and community pharmacies, by insurance plans, and certainly by the provincial governments through their health care plans. The magnitude of the direct cost over the next fifteen (15) to twenty (20) years, $4 to $7 billion, far outweigh the direct benefits, perhaps up to $500 million in increased research and development spending in Canada.

● (1250)

We continue to witness the slow deterioration of the provincial drug plans due to a combination of escalating drug prices and an over-utilization of the present plans. For example, the New Brunswick government, due to the increasing cost of drugs, has limited the number of benefits available under their prescription drug program. In 1992, changes were designed to exclude some seniors from eligibility status. It is no secret that our health care system must be made more efficient, yet the elimination of compulsory licensing will have a very negative impact on the price of drugs for consumers and provincial governments.

It is extremely important that we fully realize the effects that this bill will have on provincial governments and their health care budgets and drug programs.

The Honourable Elizabeth Cull, the Minister of Health in the province of British Columbia, appeared before the committee in the other place not only as the representative of her own province but also on behalf of all the provincial health ministers except Quebec when they met in September to discuss, among other issues, Bill C-91. She noted this in her brief to the committee:

> This is an example of federal legislation that has significant effects for provincial governments and individual Canadians, but little impact on federal costs. This change is happening at a time when the Federal government is withdrawing support for health programs, and is telling the provinces to do more with less. It is not reasonable to then propose changes which drive up the provinces' costs.

In relation to the amount of consultation with the provinces, Minister Cull continues:

> Bill C-91 is a bad deal for all Canadians and should not be passed without the amendments proposed by the provinces. The federal government has shown a clear lack of good faith in the manner of Bill C-91 by failing to consult the provinces and forcing the bill through Parliament without proper consultation. Bill C-91 is unacceptable in its present form.

It is vitally important that we understand the impact of increased patent protection on the provinces and on individual Canadians.

British Columbia projects that for two drugs alone, enalapril and Lovostain, which is a brand name for Mevacor, the province will pay out an extra $145 million if Bill C-91 passes.

Ontario estimates that it currently saves $80 million to $100 million a year as a result of the availability of generic drugs, or approximately 50 per cent of its total drug costs.

Saskatchewan estimates that the implementation of Bill C-91 would increase the health care budget between $6 million to $10 million annually. Can you imagine any one from Saskatchewan voting for this bill?

My home province of Prince Edward Island estimates that generic substitutes in the Pharmacare Program, which began in 1991, has to date saved the province over $400,000 in their program.

Canada wants and expects the government to ensure that there is a healthy drug manufacturing industry. They want an industry which includes ever-increasing levels of research and development, but at the same time ensures that there is control over rising drug costs. Bill C-91 will harm our generic drug manufacturing industry in Canada and will result in substantially higher prices for new medicines as brand name manufacturers will have complete control over drug prices for an additional number of years without having to consider competition from lower-priced generic substitutes.

Furthermore, Bill C-91 retroactively cancels numerous pharmaceutical licences already issued to generic drug manufacturers and cancels all pending applications. As pointed out by the Canadian Drug Manufacturers Association in a letter to the Honourable Michael Wilson dated June 30, 1992:

> Retroactivity is extremely unfair and contrary to the principle that legislation should not be applied retroactively, which has long been enshrined as a fundamental tenet of our common law . . . Compulsory licence applications take considerable time, effort and expense. Moreover, as we have explained to your officials, generic firms need not and do not await the issuance of licences to begin investment in research and development and in factories, because under the current law we have a right to get the licences upon application . . . Canadian Drug Manufacturers Association companies and Canadian chemical manufacturers who supply them have numerous applications pending and our investment in these products exceeds $100 million.

The Hon. the Speaker *pro tempore*: I must point out, honourable senators, that the time has expired but with leave the honourable senator may continue.

Senator Perrault: Yes.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Agreed.

Senator Bonnell: I just got started. I have another four or five pages left.

I will continue. The letter states:

> It is grossly unfair to confiscate these existing rights, especially in view of the large investments made in reliance on these rights.

I am very angry about the retroactivity provision included in Bill C-91. Between December 20, 1991 and the introduction of this bill on June 23, 1992, there were 22 applications for compulsory licences under the old regime, which had been approved. Retroactivity is unfair. The generic drug industry must be given time to adjust to these proposed changes.

You may ask, honourable senators, the status of the Patented Medicine Prices Review Board. It is no secret that much of my concern rests with the effectiveness and impartiality of this board. As you may recall, by amending Canada's Patent Act with Bill C-22 the Patented Medicine Prices Review Board was established as a statutory Bandaid to regulate the prices of patented medicines to ensure that prices are not excessive and to report annually on activities and price trends in the industry and the ratios of research and development expenditures to sales for individual patentees and the Canadian pharmaceutical industry as a whole.

Bill C-91 will increase the board's power to control the price of patented medicines, notably the introductory prices of new patented drugs. But the new powers would authorize the board to order price reductions or penalties which could compensate for past excessive prices and deter excessive pricing practices; allow the board to better control introductory prices for new patented drugs; provide for fines and imprisonment for failure to comply with the board's orders and give the board's orders the same force and effect as an order of the Federal Court. But they no longer force the drug companies to cut back their price or lose their patent rights. Now they can still have their patent rights although the price is way up. That has been removed from the powers of the board.

• (1300)

Honourable senators, I think it is important to bring forward the opinion that these new powers could be considered unconstitutional and challenged in the courts and the Canadian Drug Manufacturers Association sought a legal opinion from James MacPherson, Dean of Osgoode Hall Law School, concerning the constitutionality of section 81 of Bill C-91. He notes in his conclusion:

In my opinion there is strong language in patent cases, the trademark cases and other distribution of powers to support a constitutional challenge to section 81.

If the provision was found to be not valid, there would be no control over drug prices. The board would be unable to function. We could possibly face a situation where we have complete patent protection without any price control at the federal level. Bill C-91 leaves us wide open.

In addition I believe it is in our interest to look at the impartiality of the board. Last year I questioned the government on the appointment of the president of the Pharmaceutical Manufacturers Association of Canada to sit and participate on the board. I ask honourable senators, is that fair, to have the chairman of the board of PMAC sitting on the price review board? That is what you call the fox in the chicken coop.

Honourable senators, our health care system is by far one of the best in the world. We must work towards ensuring we maintain a universally accessible system. This can only be accomplished by controlling our expenditures. Drug prices are

an essential part of our health care programs and must remain affordable. I believe that Bill C-91 will do more harm than good. We in the upper chamber must fully examine its ramifications on the health care system of Canada. I only hope the other side of this chamber fully realizes the ramifications of Bill C-91 and will join us on this side to stop it. If the bill does go to the committee and receive second reading, I hope that all the ministers of health of all the provinces will be given an opportunity to appear. I already have correspondence from the minister of health of Prince Edward Island who was refused the opportunity to appear before the committee of the other place. I hope the Senate will give the province of Prince Edward Island an opportunity to be heard as well as the other ministers of the provinces. I object to the principle of this bill and I will be voting against it at second reading.

Senator Sparrow: Honourable senators, I would like to ask a question of the honourable senator. If there is a bill before this house to rescind the provisions of Bill C-91 in a future Parliament, will the honourable senator vote to rescind the provisions of this bill? Will the honourable senator now serve notice to Parliament, to pharmaceutical companies, to GATT negotiators and to all Canadians that he will vote to rescind the provisions of Bill C-91 if the opportunity arises?

Senator Bonnell: If the opportunity arises, I will not only vote against it, I will vote against C-22 and anything that will hurt the Canadian people; the sick, the infirmed, the disabled and the provinces, especially my province of Prince Edward Island, which is having a hard time. I will not only vote for such a provision, I will help somebody draft the bill. If they want to leave it for twenty years in a mousetrap, I would say, "Go ahead".

Senator Sparrow: I referred earlier to a statement by the Honourable Michael Wilson who stated in the House of Commons that there will be an increase in the price of drugs but to offset it all Canadian citizens would have to do is have one less prescription per year, which would be the same thing as offsetting that increase in drugs. I would ask the honourable senator whether he considers that a reasonable alternative to saving money for medical costs?

In relation to that, I would ask the following question: Barbara Greene the Tory member for Don Valley North, who is chairman of the House of Commons subcommittee on poverty, has stated that she believes that food banks should be closed and that there should not be food banks in Canada because the single parent in Ontario receives $700 per month for rent and fuel and $563 for food and clothing for a total of $1263 per month. She has stated that this is sufficient money for any single parent to operate on, and that it certainly does not require food banks to be in operation. She maintains that the only reason that there are food banks is to supply jobs for those people who work in the food banks. From my research and personal knowledge in working with the poverty groups, I find in my province—I understand it is the same in Ontario as well—that well over 90 per cent of the people who work in food banks are volunteers. They are not paid employees. I wonder if this again is some type of government initiative or policy that will further restrict not only the opportunities for inexpensive or cheaper than normal pharmaceutical drugs, but also whether it is some type of movement to further decrease the opportunities for the poor people to have a higher standard of living. Do you think this is all tied into some clandestine approach to further belittle and degrade the poor people of this nation?

Senator Bonnell: I can give you a quick answer. I agree with you that it is an awful thing those Tories are doing. I could go a little further and say that Michael Wilson has said by cutting out one prescription we will have one less citizen and, of course, medical care will go down in cost because the person is dead. You do not have to hospitalize them or give them medical care. That is his idea, I suspect, to cut back medicine so that these people die and you do not have the hospital bill, the doctor bills and all the other bills. I suppose in that sense he is right. If he was the Prime Minister—and thank God he isn't —

Senator Sparrow: He could be better than the present one.

Senator Bonnell: He could not be any worse. As far as food banks are concerned, I do not know if Barbara Greene could live on that money, but I know she is not living on it now. I would like to see her take an apartment in downtown Toronto using public transport to get back and forth to the different stores, give back those fancy clothes she is wearing, stop doing all the beautiful things and do what Canadians do who have no jobs and their unemployment insurance. They have nothing to do except depend on the province. The province of Ontario has an NDP government, not a Liberal government and they are cutting back on welfare. Therefore, I do not know how those poor people will get by if they do not go to the soup kitchens.

Hon. Philippe Deane Gigantès: Honourable senators, I too applaud the previous speaker and the questioner. I would like to take issue with Senator Bonnell on just one little point. I am sure he forgot it. As fewer prescriptions are filled and the people who need those prescriptions die, the profits of the drug companies will go down and they will increase the price for the survivors who will have to pay higher prices. This is the prescription of Dr. Flip Wilson, MD, the former minister of finance.

The drug companies are foisting this bill on us, which has been given to them, no doubt, in recompense for money they have poured into the coffers of the Conservative Party in the 1988 election. They love to call themselves the innovative drug companies. They are indeed very innovative. Senator Perrault gave us the proof yesterday. One of them took a drug called methotrexate, designed to treat certain types of skin cancer. Because it seemed to be give relief to rheumatism, they put the identical pill out in a different package and sold this under the name Rheumatrex at four times the price. That is very innovative. One cannot get much more innovative than that.

Senator Frith: Innovative or innovative?

Senator Gigantès: As Vaugeois, the great French grammarian said about another grammatical point: "L'un et l'autre se dit ou se disent." He preceded that by saying, "Je m'en vais ou je m'en va, l'un et l'autre se dit ou se disent," and then he expired. I do not intend to expire just yet, I have things to say.

Senator Frith: I am sorry I raised the question.

Senator Gigantès: Interruptions are the staff of life.

Senator Bosa: Did they change the name or did they also change the ingredients?

Senator Gigantès: Not the ingredients, the packaging.

We have heard a decent physician, Dr. Bonnell, who opposes this bill. There are other decent physicians who oppose the bill. The puzzling thing is that there are physicians who support it. Why do they? There are many reasons. Some of them are given a little lolly every now and then to do so-called research. This is not fundamental research, they are not going to invent any new medicines over here. That research is done south of the border.

Senator Perrault: Or in Hawaii.

Senator Gigantès: Or in Hawaii.

If a researcher here is really good, they will buy him off and take him south or west. But here they are used to repeat and redo clinical tests that have already been done in the United States. Therefore, for this extra little bit of lolly, our physicians who cannot make the exorbitant killings in terms of earnings that their colleagues make in the United States, think of this as a source of extra funds. They seem to put this objective above the welfare of our health care system which is the finest in the world, which costs us 8.5 per cent of our Gross Domestic Product to cover every person in the land, whereas the United States system—towards which the government would like to drag us—costs 13 per cent of the Gross Domestic Product and 37 million Americans are not covered at all.

Senator Bosa: In the United States what happens to those who become ill and who do not have money to pay?

Senator Gigantès: They die or they turn to crime, or one of their relatives turns to crime. If a society is undermined by the existence of an underclass that is rebelling with arms in its hands or has to turn to drug trafficking because it has no other way of buying medication, who can blame it? Reaganomics, Thatcherites. I will come to that in a little while.

There is another reason why some Canadian physicians—some of them in this chamber—support this bill. It is the issue of so-called intellectual property. Let us make no mistake, when the Canadian health care system put a ceiling over how much a physician could make, they attacked his right to exploit his intellectual property, that is his knowledge and skills which are part of his intellectual property, and he was told that he cannot make more than "X". They find all manner of innovative ways to get around that. The 3.5 minute examination, many examinations per day per patient, going on strike

[Senator Frith.]

for more money. If we have decided that for the good of the nation we can restrict the right of a physician to exploit his or her intellectual property beyond a certain point, then we should have the right to restrict the exploitation of the intellectual property of drug companies for the sake of the society as a whole to avoid the development in our country of an underclass, to have a society that is decent and caring and not the vicious jungle that is developing in the main cities of the United States.

I come from a country where if one wishes to say that a price is exorbitant, one says it is "pharmaceutical." I have looked it up and it goes back to the 16th century. I am sure it was said before, but we find it in literature in the 16th century. In other words, the pill merchants have always gouged. There is no reason why they should change now. Look at the example of Methotextrate and Rheumatrex. Methotextrate was put on the market and the normal calculation was carried out. This pill cost us $300 million to develop. Of course, into this $300 million goes the mink coat that the president of the pharmaceutical company has given to the stewardess of his private plane. However, let us accept the $300 million. Perhaps it is something that is supposed to help skin cancer, which is becoming more and more prevalent because careless industrialists have destroyed the ozone layer and continue to do so. They do not care at all about the environment because they say they should not have to reduce their profits to save the earth, let someone else do it, the government. And of course, they must not pay taxes. These people produce this pill. I will give a hypothetical example. It cost $300 million to develop. We will sell 300 million pills. Those 300 million pills should be sold at $2 each; $1 for what it cost us and 100 per cent profit. Therefore, in the price of the pill in its first package entitled Methotextrate, these innovative firms have made 100 per cent profit. Cute little fellows, are they not? Perhaps the stewardess became a little more demanding. Therefore the price is quadrupled and the same pill—no development costs— is put on the market at four times the price, under another name.

I would like to ask, back in 1987, why did the Tories not accept a provision in Bill C-22 to roll back prices? They did not accept that and now they are putting it in. Is it necessary now? Was it not necessary then? Were we not right then when we said that there should have been a roll back provision? Of course, the government does not believe that you should ask a businessman not to gouge. That is not fair to businessmen. Why should they not be allowed to gouge? So what do they do this time? Because prices have to be tricked, because too many pills have come out with a new name and a much higher price, because the entry price of new pills is at what its normal cost with normal profit would be in 48.4 years at 10 per cent inflation per year, obviously there is some need to roll back prices. However, how do you justify rolling back prices with the sacrosanct ideology of the Tories, that you must not stop a

businessman from gouging? You produce a roll-back provision with no teeth, all gums. This is the bill they are asking us to vote for now.

• (1320)

Reports from other countries, for instance Germany, will tell you that the drug costs are breaking insurance companies there. They are putting the whole health care system of Germany under severe strain. That health care system costs a lot more than ours. One of the main factors is the increase of drug prices with no relation to cost of living, no relation to anything. It is happening in other countries, and we are going to import this pricing cancer into our system regardless of what harm it will do to the people of Canada.

Is this just theory on my part? No. These things have been discussed in respected publications. There is a respected magazine called *The Economist*. Maybe our colleagues opposite have heard of it. If they have not, they better read it. If you remember, there used to be some dispute over here as to whether Tories read.

This is the December 5 to 11, 1992, *Economist*. Those who are long-sighted, remove your glasses and have a look at this little graph. It is profits from the drug business. It is going up at an angle of 75 degrees. That is how they are rising. The profits are not bad at all. We are not against profits, but we are against gouging.

I will allow myself to paraphrase this article so as to encourage you to read it. It is expressing some concern about how these drug companies are going to suffer. They are worried about Clinton limiting their right to gouge, perhaps using the old Canadian technique of enforced licencing, limiting the right of drug companies to put the price at any level they care to.

The companies used to share much the same margins, 30 to 40 per cent of sales at the operating level. Their earnings grew at much the same pace, 15 to 20 per cent a year. That is an awful lot faster than the population grows anywhere. Earnings are growing at 15 to 20 per cent a year. Now, says one of the executives, some companies will achieve operating margins of only 25 to 35 per cent. Oh, dear! Profits, pitifully, might be in the 10 per cent range if Mr. Clinton does as he says he will. A pittance. I do not know how they will manage. They say they do not really know what Mr. Clinton is going to do and how they are going to manage.

We hear information from some reputable consultant firms like Arthur D. Little and McKinsey. They say the companies claim it takes $300 million a year to produce an innovative drug every two or three years. There is another interesting figure. They spend $10 billion a year on marketing and only $6 billion a year on research.

Now, supposing they did a little less marketing. There is this doctor that appears on television in ads saying that the best way to keep health costs down is to let them develop anything they want.

In my enthusiasm, am I exceeding my 15 minutes?

The Hon. the Speaker *pro tempore:* It is my understanding that is the case. Does the honourable senator has leave?

Hon. Senators: Agreed.

Senator Gigantès: Would you mind being insulted by me rather than by someone else?

So what is this marketing? First, it is to convince us that the innovative —

Senator Bolduc: We will accept prolongation, but not undue prolongation.

[*Translation*]

Hon. Roch Bolduc: Honourable senators, you may exceed the fifteen minutes allowed, but no sagas, please.

Senator Gigantès: Our total speaking time is limited to eight hours, so you can stop us when we get there.

[*English*]

If any of my colleagues on this side want me to sit down and shut up because they want to take over, I will let them.

Have you noticed all these extremely expensive and very well-produced ads in which various drug companies are trying to convince us that their .333 milligrams of acetylsalicylic acid is better than the .333 milligrams of the other fellow's acetylsalicylic acid. Different name, different package, identical product, invented a very long time ago by Mr. Bayer. They are still collecting enormous funds.

If you compare the price with the generic price, you find that they are gouging. Take Valium, for example. I never take the stuff myself, but apparently there are people who do, possibly Tories, to quieten their anxiety caused by their bad conscience at producing so many soup kitchens and having a member like Barbara Greene who puts her well-shod foot into her mouth.

Valium costs $6.50 per thousand pills when you buy it from a generic firm here in Canada. If you buy it from a producer of Valium in the United States, it costs $650 per thousand pills. That is 100 times more. Now, trust my mathematics on this. If you do not, I will send to my office and bring you a calculator and give you the formula. It will take 48 years and four months at 10 per cent per year inflation for $6.50 to become $650.

This is a good illustration of the entry price. You say to yourself, "I have promised those dumb Canadians I will not increase the cost of my drugs faster than the cost of living. Okay. Well, how many years are these drugs of mine going to last until somebody supersedes them? It is a really good drug, and it is going to last 48 years and four months. Well, if it costs $6.50 today per hundred pills, at 10 per cent per year inflation, in 48 years and four months, how much would it cost? $650. So why not introduce the pill at $650 per thousand? Then we do not care a damn what inflation does."

The other thing is, how do we control this business of rolling back the prices? They come up and tell us what it costs them. What is in the cost? All kinds of things that they charge

as services provided by the mother house. You sneeze here, you have to pay the mother house for the fraction of a minute it took you away from your work. Your accountants are all down there, that is where they are paid. What we have here is glorified warehouses, and some lolly for some good doctors who want to beat the Canadian system by allegedly doing research, repeating tests that have already been done in the United States. They will be patted on the back by their paymasters in the United States, if the results conform totally with what was found in the United States.

• (1330)

For this mess of potage we will seriously endanger our health care system. We complain that it is costly, even though for the range and quality of coverage it gives, it is the least expensive in the world. You must not look at what the cost is to a government, federal or provincial; it is the cost to a society we must consider. One way or another the collective pays for it. Where it does not exist, the collective pays even more in terms of social costs, in containing a turbulent and revolutionary underclass.

We are to sacrifice this wonderful health care system through this drug bill. Economically, the health care system improves productivity. That can be proven by any economist, even a right-wing one. Absenteeism due to real disease is costly in terms of productivity. If you want society to function well, you look after its health. You then have a better, more disciplined society with less social disturbance.

No, we have to follow the American system. We see their terrible situation every day. Why do we want to do that? We want to do that because the health care system here is a really big pie. It is a huge pie. It breaks the heart of all our good business-oriented colleagues across the way that they cannot get their sticky fingers into it. There are limits to what they can charge.

Imagine finding a monopoly buyer. That is not the way things are supposed to work in the Tory psyche. In the Tory psyche, what you accept, what you work for, what you are brought up to believe, is that you have monopoly sellers to screw the consumer. To think of monopoly buyers such as the health care systems of the provinces is outrageous. It is against the god of free enterprise and greed —Mammon, their god. They will endanger the health care system of Canada for a mess of potage and the illusion that research will be done.

[*Translation*]

I say this to my own province particularly, because the province of Quebec will also be burdened with additional costs. In fact, the additional cost of health care will be far greater than any investments by the pharmaceutical industry. Anyone who believes that American drug companies want to create in Quebec a kind of pharmaceutical enclave with international mandates is deluding himself. We are going to make the sick, the elderly, the needy and our health care services suffer for the sake of an illusion, an illusion, we were sold in Quebec with a hint of nationalistic fervour, by an industry that simply wants to keep profits rising as steadily as they have during the past tree years. Annual profit increases of 25 per cent when the annual population increase is only 1 per cent, are exorbitant and in fact 24 as much as times more than they should be. This is outrageous, it is criminal, and it is a typical Tory stunt.

[Senator Gigantès.]

[*English*]

I have not answered your questions, Senator Sparrow.

Senator Di Nino: He has not asked them yet.

Senator Gigantès: I know what they are. I am not sure that the only option is to rescind. There are others. For instance, there is the option of saying, "You have not kept your promises, and if you are not keeping your promises we are going to rescind." I will not say now that I want to rescind this bill until we face the pharmaceutical companies when we are elected and say, "You have not kept your promises. You have increased the cost of health care. You have not given us the kind of research you promised. It is only packaging research, only a repetition of research done in the United States. If you have not delivered, we are going to pass corrective legislation."

If they have delivered, and it is possible—it is strange to say, but it can happen, people can become decent, even Tories—

Senator Frith: Then the bill will not arrive. His question is if there is a bill brought in by a new government.

Senator Gigantès: If there is a bill by the new government, I am not prepared to say that I will vote in favour of rescinding Bill C-91. I will look at every option to achieve both the reality and the illusion of the promises. I will examine it and say, "You didn't deliver on either the illusion or the reality, therefore we now legislate."

Senator Sparrow: I would now like to ask the honourable senator a question. With the history of Bill C-22 and its detrimental effects now increased by the detrimental effects of Bill C-91, what would the future hold that would make Bill C-22 any better and decrease the price of drugs? It is already in place.

It seems to me, honourable senator, that you may be waffling on the question. If you would answer that question in light of history prevailing as to what is happening, then you would support a bill to rescind the measures of this bill. My question before was if a bill was presented in this house, would you vote to rescind those provisions? I did not ask if the government of the day proposed a bill, which it might do.

You heard my questions, honourable senator, about Mr. Wilson's statement that one less prescription drug for a sick person per year would offset any increase in costs that the pharmaceutical companies would be levying on the people of Canada. I made reference to Barbara Greene's statement that food banks were no longer required, that they are only there

for the benefits of the employees who work there. You know that 95 per cent of those who work there are volunteers.

A recent report shows that one in every six children in this country live below the poverty line. The children now in poverty in this country are reported to be at 1.1 million; from 1990 into 1991, that was an increase of 171,000. It is estimated that the figures for 1991-92 will show an increase of 33 per cent of children living in poverty.

Is there some clandestine plan, some hidden agenda, indicating that we are trying to get rid of those poor people by letting them suffer or die early from malnutrition, from lack of access to drugs? Is there some hidden agenda of euthanasia so we can get rid of poor people in this country?

Senator Gigantès: I am glad you asked that question, Senator. Taking them in order, it is not that I do not favour legislation that will draw conclusions on what happens with Bill C-22 and C-91 and then redress. The word I question is "rescind". It may not be a question of rescinding. We might amend C-91 and make it Draconian for those who cheat. That is one way of doing it.

As to euthanasia, I have always thought that this is a fault in Tory reasoning. They do believe, going back to Herbert Spencer, to Calvin, that if you are rich and financially successful, you are the elect of God. If you are poor, you obviously are not the elect of God. Why are you not the elect of God? Because you are undeserving. So we have the theory of the undeserving poor whom you throw into poor houses or debtors' prisons or chain gangs. Make them work. Feed them as little as possible. And if they die, it is too bad. Tories are not sufficiently compassionate to say we should spare them this life of misery and just kill them. Euthanasia, you spoke the word.

This kind of thinking came back in a book the Tories like very much, written by George Gilder, *Wealth and Poverty,* addressing the "moral hazards of liberalism". They always put it on a moral basis. A hungry child is morally unworthy. It is immoral to be hungry.

Gilder said unemployment insurance increases unemployment, health insurance encourages illness, fire insurance begets arson. Senator David opposite is ill because there is health insurance. Those of you who were operated on by Dr. Keon had heart trouble because there was health insurance. This is what that Tory idiot philosopher is saying.

Senator Cogger: Excuse me, senator, who are you quoting?

Senator Gigantès: I am quoting a fellow called George Gilder.

Senator Cogger: And you decided he is a Tory?

Senator Gigantès: Oh, yes, a Tory thinker.

Senator Cogger: Very interesting.

Senator Gigantès: Thank you. So fire insurance begets arson. Social security discourages personal savings.

I would like to say to this Mr. Gilder that during the Great Depression, there was no health insurance, there was no unemployment insurance to speak of, there was no social security. However, unemployment was way up there, poverty was way up there. There were legions of people who were saying, "I will work for food." Of course, the rich were not giving them any food.

David Stockman, the ultra-right-wing, Genghis Khan-style budget director for Mr. Reagan, called this book "Promethean in its intellectual . . . insight". Then we had Reaganomics, and Reaganomics with the power of the American market and the American economy imposed itself on the whole of the western world. The result is that we have been again on the fringes of a Great Depression. If we did not go into a depression but stayed in a bad recession, it is because there were such programs put in place by general Liberal thought as social security, unemployment insurance, and health insurance.

You are perfectly right Senator Sparrow. If you look into history, there has never been a Tory government that has known how to handle a domestic economic crisis in any country. They are good at leading countries into war. They have problems getting out of war. I am sure that General Haig, "Butcher" Haig, was a Tory, because there was an objective and he did not care what the cost was. After all, poor people were being killed. This would decrease the number of the poor and obstreperous, and you would have a better country afterwards. It is a mentality of pillage and the sooner this government is gone, the better.

Hon. Raymond J. Perrault: Honourable senators, I heard a report from Toronto this morning. It said the pharmaceutical drug organizations have formed a Christmas choir and their favourite selection is, "We're Dreaming of a Green Christmas".

Senator Lynch-Staunton: I know it was a long evening, but did you not speak on this last night, senator?

Senator Perrault: No, I did not. It must have been a dream.

Senator Lynch-Staunton: It was one of the Liberal questions. I see.

Senator Perrault: You must have been anticipating my blossoming forth this afternoon. I am flattered by the thought that you have been haunted by my remarks of last evening.

Senator Gigantès: Stayed awake at night maybe.

Senator Perrault: However, this massive corporate bail-out that we are examining has to be the richest Christmas stocking stuffer we have ever had in the history of this nation. To think that this country, under assault from every direction, with legions at the food banks, 400,000 manufacturing jobs lost, to think that we are contemplating giving this kind of financial reward to the pharmaceutical drug manufacturers is almost beyond belief. It is beyond sanity.

The government's solicitude for the welfare of the drug companies constitutes a scandal. What would impel a government, under the stressful economic conditions which exist today, to impose higher medical costs on those least able to protect themselves; the senior citizen, the ill and the weak and the single parents and those on limited incomes? What kind of government would establish such a warped and perverse agenda?

What would inspire any government to cut back on unemployment benefits one week and, two weeks later, ask the Senate to add to the massive profits of the pharmaceutical industries? Why is this being done?

We are told this will bring Canadian drug research standards and licensing in line with the rest of the world. Is it not time for Canada to provide some leadership for the world, to say to the drug companies worldwide, the most profitable industry in the world, that 20 years is too long. The Canadian norm of 17, or even less than that, would be a benefitto suffering mankind, whatever the continent may be.

This business of getting in lock-step with some corporate decision made in the United States of America or Geneva, Switzerland or Leipzig, Germany is ridiculous. Canada prides itself on providing moral leadership in many areas for the world. We have a great record of peacekeeping, sending our troops into situations where other people would not go. It is time for some moral leadership in the area of health care in the world. We do not do that by adding to the profits of the pharmaceutical companies, none of which have gone bankrupt this past year.

Is it not significant that despite the fact that there is recession everywhere in the world, the pharmaceutical industry is registering some of the highest profits in its existence, and the government wants to add to those profits. Other industries are going bankrupt. Thousands of workers are at the soup kitchens. Thousands are suffering.

In my province of British Columbia, Pharmacare data shows that we have controlled volume increases to approximately the rate of population growth and dispensing fees have actually gone down. Escalating drug costs are a significant problem for all of the provinces. Drug costs, however, have increased at over 15 per cent a year. Between 1985 and 1991 drug costs went up by over 133 per cent and most of this increase is attributable to new drugs prices, and we want to add further burdens on the provincial governments.

Honourable senators, it is significant that every provincial political party in this country has condemned this measure; Conservative, Liberal, NDP and all the rest. Yet here are Conservatives defending this measure. You are just as out of touch with this situation as you were with the constitutional concerns of the people of Canada. It is a classic case of Nero fiddling while Rome burns. All during the so-called constitutional crisis which were number eight on the list of concerns of Canadians in Quebec, British Columbia and most of the other provinces.

[Senator Perrault.]

This agenda which you are forcing on the long-suffering Canadian people , burdened taxpayers, pay even more taxes is an agenda established by a government which is decaying and has only a few months life left because it is completely out of touch with the real needs of the people of Canada. The people of Canada are in real distress now and do not want to be told that they have to put more money in the pockets of the pharmaceutical industry. If you have any self-respect at all, delay the implementation of this measure until something more sensible can be worked out.

The pharmaceutical industry does not need the change. A paper by your own federal government called "Trends in the Pharmaceutical Industry in Canada in the post-1987 Environment" states that since 1987, the pharmaceutical industry has been extremely profitable.

It further states that both the generic and namebrand companies did very well under the old system of compulsory licensing. Why, when your own report suggests that the drug companies are making extremely high profits, do you want to add to those profits by adding to the tax burden of the people of Canada and making health care less accessible?

Are my comments unfair and ungenerous? No. You have lost all credibility. You do not have any support across the country for this measure. If we are going to intrude upon any Christmas break, we should be doing it on behalf of the people who are being denied food at the food banks because there is no food left. Come with me to downtown Vancouver some afternoon. I will take you to the Franciscan Sisters of the Atonement on Cordova Street, or to the Salvation Army hostel. You will find real distress in this community. Meanwhile, the Senate is acting like a bunch of fat cats protecting financial interests in this country. It is a disgrace.

Senator Frith: It is the government supporters, not the Senate.

Senator Perrault: Yes, the government supporters, but in the public mind it is the Senate, and that is the tragedy.

We have to develop a social conscience in this place. Your party members from coast to coast are bitterly disillusioned with your assault on medicare, your actions to withdraw federal government support for health programs and your continuing program to tell the provinces to do more with less.

It is totally unreasonable to make the change represented in Bill C-91. You know all of the details. I am not going to repeat them. The changes will drive up the provinces' cost and therefore the tax burden on the people of this country. It is outrageous that only two or three years after Bill C-22, which larded the drug manufacturers with the higher profits referred to in your own report, this government has the audacity and insensitivity to further extend the drug industry's benefits. Reports are rampant that a further four-year period of patent protection will be sought next year by the drug industry if you people are elected once again. God help Canada.

I know that some of you will say that benefits will flow in the way of research. Well, this is what you did with the research figures. According to a survey of 48 of the 64 company members of the Pharmaceutical Manufacturers Association, between 1987 and 1991, almost 60 per cent of the jobs created were in marketing and sales.

How many public relations officials did you hire to promote the package that you are trying to force through Parliament now? Ask your friends in the pharmaceutical industry how many public relations people are in that group, and how many lobbyists. We are told by the Minister of Finance that all Canadians have to do is buy one less prescription and everything will be fine. What about giving one less golf club away to the doctors of Canada to persuade them to specify certain brand name drugs when they fill out the prescription form? The sacrifice has to be for the well-being of the people of Canada, not for the extremely profitable pharmaceutical industry.

Medical R & D is 28.5 per cent. There has been a decline in manufacturing of drugs in Canada during this period by almost 8 per cent. Talk about progress. The benefits which provinces outside of central Canada can expect are minimal and they are insignificant in relation to the increased drug costs.

I refer to the report prepared by the provincial governments of Canada, including your own supporters provincially. Since the Patent Act was last changed in 1987, British Columbia's small share of R & D has actually dropped. I remember those hearings. I served on the committee. The people of British Columbia were told they would be mighty lucky because we were going to have real drug research done in B.C. Well, it dropped. Can you understand our lack of enthusiasm for the latest platitudes being voiced by the industry?

While pharmaceutical companies claim they have followed through on their 1987 commitment to increase R & D, investment levels have been lower than expected. It is questionable whether many of the R & D projects which have been promised recently by pharmaceutical companies are actually good deals for the provinces, when impacts on drug costs are considered.

Under a project announced for British Columbia, Merck Frosst is supposed to invest $15 million in B.C. Some of the doctors are saying that this is real progress. However, the company is stipulating that the taxpayers of B.C. must first provide a $15 million research facility and must also support Bill C-91 or there is no deal. In other words, they are not going to make any promises. We must vote for this bill and spend $15 million in public funds before they consider establishing their so-called research project.

This pales to insignificance when compared to the $146 million in additional costs mentioned earlier. Due to Bill C-91, B.C. citizens will pay out over $145 million for two drugs alone. The first is Lovastatin, merchandised under the name of Mevacor, an anti-cholesterol agent. Its six-year patent extension will cost $25 million. The second is Enalapril. In the next 15 years it will cost the government and other payers, including the average citizens, $120.6 million. These increased drugs costs will total an extra $146 million for the province of B.C. and the companies are saying that if you are good boys, get in line and give us more profits, we will give $15 million of that back to do some research in the province of British Columbia.

• (1400)

This is a deal that British Columbians certainly do not accept. We are very sceptical that promised R & D investment will appear. We are concerned that the R & D projects which have recently been proposed in many provinces, are simply carrots to encourage the provinces to accept Bill C-91. There is no mechanism to require companies to continue investing in Canada or to follow through with their current proposals.

Even if the promised R & D does materialize, there are other problems. R & D is not evenly distributed across the country. Further, R & D activities tend to focus on the development of new drugs which will be introduced at higher prices and which may not substantially improve health.

There is youngster crying in the gallery.

Senator Gigantès: The youngster is protesting against Bill C-91.

Senator Perrault: I am glad to hear that.

All but two provincial and territorial ministries of health were represented in Newfoundland in September. The people of the regions are supposed to be represented by the Senators. We are supposed to be regional representatives. This is what our regional people are telling us to do: 1) Oppose the bill and at the very least, require agreement from the provinces on the definition of R & D to be used in the act; 2) make price increases conditional on R & D performance. The provinces have not been consulted in any meaningful way in this process.

The federal government has shown a clear lack of good faith in the matter of Bill C-91 by failing to consult the provinces and attempting to force the bill through Parliament without proper consultation. Despite the fact that the provinces and territories are the primary payers for drugs and will be greatly affected by any measure which increases drug costs, the federal government has refused to consult in any meaningful way with the provinces.

What did the Prime Minister say in 1984 and 1988? He said that the government would give new meaning to the word "consultation" with the provinces. He also said that the government would give new meaning to the word "patronage". Well, the government has done that, all right, but the government has not consulted with the provinces, and the provinces will be severely affected as a result of this measure.

The provincial and territorial ministries of health represented in Newfoundland in September developed, by unanimous consent, a list of 11 specific changes to Bill C-91 which would help address concerns about cost impacts resulting from the bill. Some of them I mentioned today. To date, not

one single change has been made to address the concerns of the provinces and the territories.

Bill C-91 is a bad deal for all Canadians and should not be passed without the amendments proposed by the provinces. It is unacceptable in its present form.

I hope to have the opportunity during committee hearings to discuss at length other concerns I have. This bill will only be partially acceptable if investment commitments are guaranteed and protection against price gouging is iron clad. The amendments proposed by the provinces will go a long way to ensuring this.

As I said at the outset, surely we can find better things to do with our time around Christmas, when human suffering is at its maximum, than to spend these hours debating ways in which we can further enrich some of the most prosperous companies in the world.

Some Hon. Senators: Hear, hear!

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I did not intend to speak, but after the comments made by the Leader of the Government in the Senate, I decided to rise since we might as well take advantage of what little time we have left. When this side of the House requests an extension, they start imposing conditions: Yes, you may have an extension, but not more than five minutes. I think that is almost indecent, considering no one else on their side is rising in this debate!

I will do what I was going to do anyway before advising my Whip that I was not going to speak at this stage of the bill. I am going to read two letters that I received. The first letter is from New Brunswick. From the way it was drafted, I think copies were probably sent to all senators from New Brunswick. I am not absolutely sure, but I say this because the body of the letter was stencilled and the name and address were handwritten.

[*English*]

This letter, addressed to me, reads:

> You are our last hope. Please stop Bill C-91. If you, the Senate, allow this federal drug patent law to pass, you extend time (20 years) for these big drug makers to sell these pills exclusively. By so doing, you hurt millions of consumers and add hundreds of millions of dollars to an already overloaded health care system.
>
> In return, the drug companies say they will spend dollars on research and development in Canada—but not one word in writing that they will spend anything on R & D. Their statement means very little, and by allowing this Bill C-91 to go through, you will be hurting Canadians for years and years to come. Please, please, do not allow this to happen. Right now, drug prices are 32% cheaper in Canada than in the U.S. This is about to end, if you don't stop this bill—the big drug companies will have free reign and furthermore, perhaps the existing generic drug makers will be put out of business.
>
> Mulroney and his government are wrong on this bill. They are yielding to U.S. pressure—big business in the states, just to become part of NAFTA.
>
> I've never written a letter to politicians before. This whole deal is wrong, wrong, wrong. Millions of Canadians agree with me. Please stop this bill even if it passes.

[Senator Perrault.]

"Even if it passes." I guess they were anticipating a question to me from Senator Sparrow. I will answer that question in answer to the writer's request to stop this bill even if it passes. I say to them, yes, and I say to Senator Sparrow as well, yes.

Honourable senators, before moving on to read the second letter into the record, it is most appropriate that debate at this stage of consideration of the bill should contain comments from ordinary Canadians. After hours and sometimes days of talking and debating issues in this place, we tend to forget who it is we are trying to defend. I thought it was quite appropriate to hear the voice of these Canadians who live in Rothesay, New Brunswick. I will not give their names. I do not have their permission, but if any senator is interested in the authenticity of these letters, I would be glad to show the letters to senators.

• (1410)

The second letter is a general letter to all senators. It comes to us from Tamworth, Ontario. It is dated December 10, 1992, and reads:

> I write to you on a matter that concerns you personally as a Senator, myself as a writer and the people my wife and I work for in our patient support network. May we hear from you in response to this letter?

You certainly will. The writer goes on to state:

> There are over 100 liver diseases. As you look around the chamber of the upper house you should realize that probably more than five senators have a liver disease.

I am looking around. Mr. Dawson goes on to state:

> Pharmaceuticals are very important for the well being and sometimes the life of some people with hepatic illness.
>
> As a writer I am deeply concerned about safeguarding intellectual property rights, indeed intellectual properties are all I have to sell. Those of us who are creators of intellectual properties have need of and deserve protection for our rights. Creators without reasonable protection from piracy —

And here the writer underlines the word "reasonable". He then goes on to state:

> —will be able to continue to benefit humanity.
>
> I, as a strong advocate for the protection of intellectual rights, urge you to make every effort to defeat Bill C-91.

It has never been established that creators of new drugs need additional protection in order to continue making very substantial profits. The rights they have now are quite reasonable in terms of profitability.

The massive and very expensive lobbying effort of the Pharmaceutical Manufacturers Association of Canada (PMAC) in support of Bill C-91 is very difficult for such as I, an unpaid volunteer, to counter.

In spite of what the Honourable Judith A. Erola may claim, predicting the future is not necessarily a risky business. If Bill C-91 is passed the sick and ill people of the world will be held hostage to the insatiable drive of drug manufacturers to make ever more money. If Bill C-91 is passed we open the pockets of the most needy in society to unprotected and rampant exploitation.

I guess here that the author of the letter meant to say "to protected and rampant exploitation". He goes on to state:

If Bill C-91 is defeated the drug manufacturers of the world, on whose behalf the very powerful PMAC lobby is acting, will continue their very lucrative business of researching and producing new drugs.

I think it fair to say the tremendous investment of time, money and other resources PMAC have put into Bill C-91 gives obvious lie to their published estimates of modest additional profits.

True, PMAC may cancel research investment in Canada but such expenditures would be a pittance compared to the large sums that will be extracted if Bill C-91 becomes law.

Even if, and it is very doubtful, Canada were to benefit by a small amount from investment, I would hope we as Canadians have sufficient nobility to consider what would happen in other countries should Canada crumble before this massive and I think unconscionable lobby. If Canada stands firm and says no to Bill C-91 we will have made a major contribution to the health and welfare of people throughout the world.

I do not have the massive resources required to match the intensity of the PMAC campaign. I can only hope to compensate in other ways. My wife and I operate a patient support network that reaches into 14 countries. I would be delighted if we could report to our constituency that you supported real social need over unnecessary corporate profit.

May we hear from you?

My answer is: I will vote against Bill C-91. Thank you, honourable senators.

Hon. Peter A. Stollery: Honourable senators, I rise to speak against the adoption of Bill C-91. I find myself surprised at a government which, in the fifth year of its mandate, has lost public support entirely and whose standing in the polls is lower than any government has ever been in any measured democracy, anywhere in the western world. Since polls began sometime in the 1930s or 1940s, I do not believe there has ever been a government as rejected as this one.

Polls are only surveys of the population at a particular moment. Sometimes the electorate is cranky and, consequently, a government's popularity can go down; or they can feel more charitable and the popularity can go up. But this government has been at an historic low for years, plus its major platform was rejected by the people of Canada in October.

The government is now in the fifth year of its mandate. As we sit over here, we see across the floor a group of senators who are very much the victims of the government. They sit here trying to look as if they are supporting something that they did not initiate.

I do not mean to take it out on my colleagues opposite in person, but they do not look too happy from this side of the chamber. It is clear to all of us that they know that this is a dying government, one that has been rejected by the people. They know also that they are required to support what could be and has been described as a scorched-earth policy.

The government is retiring. It will be defeated. The Prime Minister will probably be resigning within a short period of time.

Senator Cools: Do you promise?

Senator Hébert: After he appoints a bunch of senators.

Senator Gigantès: I will light a candle for you!

Senator Stollery: That is, after he appoints his people to the Senate.

Senator Frith: Perhaps we should look at the tunnel to see if there is anyone coming over from the other side.

• (1420)

Senator Stollery: These poor individuals opposite are obliged to sit there and pretend they support this scorched-earth policy of the government in presenting Bill C-91, another drug bill and the final attempt to undo Canada's generic drug industry. They have to sit and watch this take place. The most reprehensible and impossible part of this scenario to comprehend is that it is happening in the fifth year of the mandate of a government that will be rejected. I find the integrity here difficult to understand. I certainly join with my leader in the Senate in his views. The drug companies, I am sure, have paid a great deal of money to have this legislation brought to this state. I can imagine the lobbying fees and all the things that have been done over the past few months by the multinational drug companies. We are told they have even gotten to GATT.

The major negotiations in GATT, by the way, have been conducted by representatives of right-wing regimes from the Thatcher government in the United Kingdom to the Reagan-Bush Administration in Washington. We have heard the statement that this is an international agreement. We must remember that it is an international agreement made by the most right-wing regimes that we have seen for 50 years.

GATT is not an organization that exists on its own. It is made up of delegates who are sent there by their governments. The governments of the United Kingdom, the Federal Republic of Germany, the United States and Canada have all had these ideological, radical right-wing governments.

Senator Bolduc: On the other side you have Sweden, Austria, et cetera.

Senator Stollery: Senator Bolduc says that we have on the other side Sweden, Austria —would you like to come up with others?

Senator Bolduc: Holland and France, they are socialist too.

Senator Stollery: He is right. GATT is not just made up of the six most powerful industrial states, but I would suspect from what I have heard of GATT negotiations, which are carried out in great secrecy, that even Canadian ambassadors and high commissioners are not told what is taking place in the negotiations. I suspect that, as in any international group, there is a weighted average. I would think that the United Kingdom, the U.S., Germany, Japan and Canada, those five countries, would have a lot more weight in those discussions than Sweden or Austria.

Senator Bolduc: What about France?

Senator Stollery: Senator Bolduc makes an important observation. What about France? That is an interesting puzzle. Why would France, which has one of the world's best health care systems, have agreed to this, if in fact they have. We have only been told that this agreement has taken place, and told in a very fuzzy way. Of course, the agreement has not actually taken place; the Uruguay Round is not completed, so there is no agreement at the moment. So why would France go along with something that would affect their national health scheme?

I know that their national health scheme is starting to have problems of cost as well. This makes me think that the GATT argument that is used has a lot of holes in it. We will not be told about those holes until after this bill has passed this Parliament, if in fact it does pass this Parliament. I am not suggesting that Senator Bolduc would be in any way responsible for this fiasco, but I personally am shocked that it would happen in the fifth year of a mandate. I was in the House of Commons in the fifth year of a mandate.

Senator Marchand: Of a good government.

Senator Stollery: Better than this one, and certainly it had not in any way been rejected by such a percentage of the Canadian electorate. I find it a controversial bill, which is clearly unpopular in the country, which will cost the Canadian health system enormously, and which the provinces will have great difficulty in paying for. Have all the provinces rejected the bill or has Quebec actually supported it? The last I heard it was nine out of ten, but it may be that the tenth province will also come to its senses and realize that if they only create a few 100 jobs, the cost of creating those jobs is insane. At any rate, at this point nine out of ten provinces have rejected it because they realize they will have to foot the bill.

[Senator Stollery.]

Part of the bill will come to my province, if we ever recover from the depression. It will be done through the transfer payments from Ontario and that is the part I find hard to take. I am a federalist. I believe in equalization payments, but in the fifth year of a mandate to lay this kind of legislation on a public before it had a chance to make a decision as to whether this government has the right to pass this provision,goes against morality. There is such a thing as a moral right. When you are in the fifth year of a five-year mandate in the Canadian system, which is not done very often, there is no question your moral right to do something that is not only controversial but has been rejected by nine out of ten provinces, is compromised.

Why are they doing it? It can only be in order to help their friends. There are interests involved. They are not the interests of the public, because the public will have to pay the bill, in particular the public of the province of Ontario, if Ontario is ever fortunate enough to be able to make those transfer payments again. The public will pay and the public is opposed. The provincial governments, subsidized in many cases by Ontario, which is where I come from, will pay.

Who is in favour? We cannot easily find many people in favour. The editorialists are not in favour. The polls say that the public is not in favour. Patients certainly are not in favour. The only people we can find in favour of this bill are the multinational drug companies who have opposed the idea of a Canadian generic drug industry ever since its inception in 1969. In that year, the multinational companies mounted a $500,000 lobby campaign against the legislation. They have opposed consistently, and now successfully, the Canadian generic drug industry.

• (1430)

I do not think many members opposite think this is such a great idea. I do not think many Conservative members in the House of Commons think it is a great idea. I have to ask this. Who thinks it is a good idea? It must be someone in cabinet. You cannot help but wonder why this matter is being dragged out. It will be dragged out until the end of January, if that is the date of the most recent deal.

Senator Frith: There is no deal, but that is their objective.

Senator Stollery: There is no deal, but that is the objective. As our leader pointed out yesterday, this government has used closure more often than all the governments in Canada combined. We can expect that that will be the treatment meted out in January. The only question I have, and the only observation I can make, is that this bill does not have the unanimous support of the Mulroney cabinet, by any means. I wonder if even Mulroney is in favour of this bill.

Senator Kelleher: He is.

Senator Stollery: I wonder which ministers are in favour and which are not, and what kinds of arguments took place.

Senator Cools: Senator Kelleher seems to speak with certainty on this subject.

Senator Kelleher: The whole cabinet is in favour of it.

Senator Stollery: The whole cabinet is in favour, says Senator Kelleher. I am sure that Senator Kelleher will have something to say on the subject before the debate ends. I accept that Senator Kelleher may have been told by cabinet —

The Hon. the Speaker *pro tempore:* I must point out to the Honourable Senator Stollery that his time has expired. Is there unanimous consent to allow the honourable senator to continue?

Some Hon. Senators: Agreed.

Some Hon. Senators: No!

The Hon. the Speaker *pro tempore:* My understanding is that leave is not granted, honourable senators. I may have heard wrongly.

Senator Frith: Of all our speakers, Senator Stollery, you are the only one they have turned down.

Senator Gigantès: I am meaner than he is. Why do you not grant him the privilege to continue?

Senator Frith: It has been automatically granted every time, but Senator Kinsella does not want you to get the benefit of it.

Senator Gigantès: Senator Kinsella, I am worse than he is. Will the Honourable Senator Kinsella explain why he refuses Senator Stollery the privilege he granted me?

Senator Frith: Because he is an expert on human rights, that is why.

Senator Cools: Perhaps Senator Kinsella wants to speak in the debate.

Senator Barootes: I can finish his speech for him. I have heard it so often. Is it all right for me, Senator Stollery, to finish your speech?

Some Hon. Senators: No!

Senator Frith: Senator Stollery, you are the only one who has been turned down, and Senator Kinsella turned you down.

Senator Hébert: The great humanitarian has said no to the liberty of free speech.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, in view of the eloquent figures, very disturbing facts and devastating arguments provided by my Liberal colleagues during the past few hours, I had decided not to intervene in this debate. However, I was just handed a letter that arrived at my office by fax a few minutes ago. The letter is from an eminent academic and former professor at Dalhousie University, Professor Kell Antoft, a man who has my profound admiration and whom I appreciate as an original thinker. I think it would be useful to read you his letter.

[*English*]

Dear Jacques,

You may recall that my earlier career in Montreal was in pharmaceutical manufacturing, followed by a stint as Assistant Executive Director of the National Cancer Institute of Canada. In the latter position I had administrative responsibility for the research grant program which distributed funds provided by the Canadian Cancer Society. After coming to Dalhousie University in 1969, I have continued my interest in medical research policies through my volunteer activities in the Canadian Cancer Society.

As a result of these interests, I have followed the discussion about Canadian drug patent legislation since the 1950's. I appeared before the Restrictive Trade Practices Commission in the early 1960's, and my brief at that time was extensively quoted in the Report dealing with the drug industry and its pricing practices. More recently, I appeared in 1988 as a witness before the Senate Committee on Bill C-22.

I am deeply concerned about the legislation that is now before the Senate which would extend the period for patent monopoly to 20 years. I note the opposition of the Liberal caucus to this bill, and I would welcome an opportunity to meet with the committee of the Senate who are studying this matter.

I hope that notes are being taken in that respect, honourable senators.

To give you a background of the kinds of things I could testify about, I am enclosing a copy of a letter from April 28th, which I sent to Mr. Michael Wilson.

If you see merit in having my views presented, perhaps you would be willing to advise members of the committee about my offer to appear.

I have just done that.

I think there are some interesting facts in the letter to Mr. Michael Wilson which I will now read. The letter states:

Dear Mr. Wilson,

The full page Canadian Drug Manufacturers Association advertisement last week in the Globe and Mail served as an incentive to send you my comments on the proposed extension of Canadian patent protection for pharmaceuticals.

I have no connection with the CDMA, but I did found and operate a Canadian pharmaceutical manufacturing firm during the post-war years. This company, Nordic Biochemicals Ltd., among other achievements was responsible, in the mid-1950s, for the production of the world's first human growth hormone. In its day, it was noted as a highly innovative and competent manufacturer

of products resulting from research in its own laboratories. More recently, through its successor, Nordic Pharmaceuticals, it had a more modest claim to fame: until it became the branch plant of an American parent company (with the "globalization" of its former owner, Conlab) it advertised itself as the fourth largest Canadian manufacturer of pharmaceutical products. As a subsidiary and acting primarily as a repackager, it has long since abandoned the type of research that led to the growth hormone breakthrough.

● (1440)

This brief reference to Nordic is to illustrate a single example of what has happened to what was once a dynamic high-tech industry in Canada. The list of other companies that have travelled a parallel path shows how policies of successive governments have helped to destroy our capacity for world leadership in pharmaceutical manufacturing. Ayerst McKenna & Harrison; Frank W. Horner Ltd.; Frosst Laboratories; Connaught Laboratories; as well as a number of smaller companies, bring into sharp focus how we have squandered opportunities to maintain Canadian-opened and operated industries and the research on which their production was based. Instead, our drug manufacturing is dominated by foreign-owned multinationals who operate in Canada through branch plants; they carry on research here primarily as part of their lobby efforts to wring out further concessions from Canada. It is also noteworthy that this research is not new money brought into Canada, but is financed largely by the fruits of their patent monopolies.

Patents are a useful adjunct to the process of bringing pharmaceutical to market, but the life of this privilege should be limited. To allow a patent to become an exclusive right for more than a brief introductory period of time is to distort the basic principle of "intellectual property". Innovation and discovery is not an exclusive process, nor something that occurs in a vacuum. Every discovery builds on the accumulated knowledge and experience of many individuals and institutions. Often the patent seeker is an entrepreneurial type who is agile enough to cash in on the final piece in a jigsaw puzzle put together by team effort or as the outcome of open communication among scientists.

To unduly reward a single individual or cooperation for the product of many is repugnant to the whole spirit of scientific inquiry. To perpetuate the benefit over a 20 year period increases the unfairness. This policy will discourage all but those who are the agents of the multinationals.

From the consumers point of view, lengthy patent monopolies increase the burden of ill-health. In Nova Scotia, the dramatic increase in the cost of the provincial Pharmacare program can only be linked to the rise in drug costs. I have seen from the reports of the Drug

[Senator Hébert.]

Prices Review Board that prices of patented drugs did not increase beyond the rate of inflation in the years since the compulsory licensing arrangement was suggestion pended. But it is no secret that patented drugs introduced after that legislation was introduced are priced at astronomical levels.

As a retired senior, I am already paying my share of this huge ransom collected by patent holders. The Nova Scotia Pharmacare has been severely hit by the rise in prescription drug costs. As a result, the Government of Nova Scotia last year introduced a user fee into the program requiring that 20% of the cost of drugs, up to an annual maximum of $150, be born by the patient. A few days ago, the 1992-93 budget raised this contribution limit to $400. If the policy you have announced is allowed to go through, further penalties will be imposed on consumers of all ages.

Mr. Wilson, I urge you to place the interests of Canadians above whatever obligation you may feel towards the multinational drug companies. The Canadian generic drug manufacturers, whatever their past history may suggest, represent what remains of Canadian entrepreneurship in this field, and some of their numbers show genuine promise of being contributors to innovative research. But their primary contribution to the health needs of Canadians is in offering healthy competition to the highly organized international monopolies. They should not be shackled by a new set of restrictive policies that will further enrich those whose profit levels are already among the highest of any industry sector.

If there is to be extension of patent life, at the very least it should be tied to a requirement that any product enjoying protection should have its principal manufacturing carried out in Canada. This is a case I have espoused for the past forty years, although I admit that I am no longer optimistic that such a common-sense approach could penetrate the jungle created by multinational self-interest.

Yours sincerely,

Kell Antoft

[*Translation*]

Honourable senators, I hope the members of the committee will not forget to invite Professor Antoft to the public hearings on Bill C-91, if they can stand the voice of an honest man!

[*English*]

Senator Molgat: Honourable senators, my colleagues have shown in very clear terms, and with a great deal of information, that this bill is really not in the interests of Canada. It is not in the interests of the consumers of this country. We have had the ministers responsible for the health field in most of the provinces tell us that it is not in their interests. Therefore, this is not a bill that we should pass.

However, I do not intend to go through all of the arguments. I think they have been well presented. I want instead to appeal to my friends opposite, and to remind them of some of the statements that a number of them made some time ago. I read, for example, from *Maclean's* of November 30, and a number of senators from across the way are quoted. This is not a quote, but it is a specific statement.

> For one thing, many senators say that they plan to show less servitude to the political parties that appointed them and more commitment to the regions they are supposed to represent.

I think the time has come, as we approach this vote, to take that point of view very much to heart and support the regions that we represent. Their views have been clearly pointed out to us by the people from those regions, and by the provincial ministers from those regions.

I could not find a better quote than one from my good friend Senator Finlay MacDonald, who has a great way with words. He says:

> We do not intend to spend the last few years of our lives being jaded sycophants.

That is a very expressive term, and I am sure that my honourable friends opposite do not want to be jaded sycophants.

Senator Frith: Or any other kind, I am sure.

Senator Molgat: To help them refresh their memories as to some of their statements, I wonder if the Pages would mind distributing these documents for me, in order that my honourable friends will have them before they come to the vote. They will know exactly what has been said by a number of their colleagues.

Hon. Michel Cogger: Would Senator Molgat accept a question?

Senator Molgat: Absolutely.

Senator Cogger: I listened to Senator Molgat with interest, especially on the point he was making about senators being here to represent their own regions. Is the senator aware of the recent interventions of Senator Gigantès and Senator Hébert? Are those senators aware of how strongly the province of Quebec supports Bill C-91? Where does that leave them?

Senator Corbin: Why did you not have the courage to ask them directly? Chicken!

Senator Cogger: I am asking a question of Senator Molgat.

Senator Corbin: Stand up and seek permission.

Senator Gigantès: Honourable senator, Senator Molgat has allowed me to answer the question you asked him concerning what I would say about Quebec. I have the blues in front of me, and you will be able to read the *Debates of the Senate* tomorrow, or I can send the blues over. I am saying that the drug companies in Quebec —

Senator Lynch-Staunton: Honourable senators, Senator Cogger asked Senator Molgat a question. I think Senator Gigantès is completely out of order.

Senator Cogger: Let me assure the house and all honourable senators, I did not ask a question of Senator Molgat out of impoliteness to Senator Gigantès. He is here. I would be delighted to have him respond. I hope that Senator Corbin's mind will be put at ease. I invite him to have another sandwich.

Senator Corbin: Why don't you ask me a question? I will be delighted to answer it in no uncertain terms. Don't be your usual chicken self. Get up and put the question to me. I will be glad to answer it.

Senator Gigantès: Honourable senators, I think the honourable Deputy Leader of the Government is taking advantage of the situation here. I have been accused by Senator Cogger of not representing the interests of my province properly and the Deputy Leader of the Government opposite does not want me to explain my attitude, which is that I have the interests of my province foremost in my heart, much more than have they who have participated in fraudulently convincing Quebec that it is good to increase drug prices.

Senator Cogger: Honourable senators, I would like to rephrase my question. I did not accuse Senator Gigantès of anything at all.

My question to Senator Gigantès is the following: In view of Senator Molgat's statement that we are here to represent our regions, is Senator Gigantès aware of the strong support for Bill C-91 by the region he and I represent, namely the province of Quebec?

Senator Gigantès: Thank you for asking the question which allows me to tell you once more that I think the province of Quebec has been deliberately misled by a massive campaign by the drug companies and the Tory party. It is my duty to defend my fellow citizens, the consumers of Quebec, against price gouging by the drug companies.

The province of Quebec voted against the Charlottetown accord. You and I both supported it.

Senator Lynch-Staunton: I rise on a point of order.

Senator Gigantès: Why did you not vote the way the province wanted you to vote?

Senator Lynch-Staunton: I ask the chair to rule as to whether Senator Gigantès and Senator Cogger can exchange—

Senator Frith: Under the rules, can you raise a point of order during debate on legislation? I do not think you can. You should change that.

Senator Lynch-Staunton: Then I ask if it is not improper, not irregular, not against the rules for two senators to engage in a question and answer period when Senator Molgat had the floor.

Senator Gigantès: He started it.

Senator Lynch-Staunton: Well why don't you end it.

Senator Molgat: Honourable senators, this has at least permitted the distribution of my paper to all senators. I am very sorry that my good friend and neighbour, Senator Barootes, has left the chamber because I am going to start off with a little quotation from him. This is from *Maclean's* of November 30, 1992, which is not very long ago. He said:

> We were going to get rid of party discipline and move toward a roundtable system, one with legitimate regionalism.
>
> We are beginning to develop some regionalization, some independence.
>
> The government would get its money bills through but we, on the other hand, are going to scrutinize legislation in such a way that we are not under the thumb of our Party.

That is a direct quote. All I can do is ask Senator Kelly, the whip on the other side, to remove his thumb because that is what is being asked by your own members. They do not want that heavy thumb.

My friend Senator MacDonald is arriving. The Winnipeg *Free Press* of November 6, 1992, quoted Senator MacDonald. I am not putting words in his mouth. I supplied the document and I trust I am not doing anything improper here. Senator MacDonald said:

> There's a sufficient number of my colleagues who are fed up with being taken for granted.
>
> The bullying days are over.

Let my honourable friends across the way please note.

> No longer will the Senate, particularly Tory senators, act as a rubber stamp for their political masters in the prime minister's office.

This is great stuff.

> The days when Harvie Andre, the government House Leader, arrives on a Monday and asks for passage of a bill on Tuesday are finished.
>
> Harvie Andre is just going to have to realize that Conservative senators are not going to be patsies any more. If they think so over in the Commons, they had better think twice.

Senator Gigantès: Senator Molgat, shall we ask him to join us across the floor?

Senator Molgat: Honourable friends, I leave you with those quotations. I remind you that although I have only quoted two honourable senators, it was stated in the article that many senators say that they plan to show less servitude. I assume that Senator MacDonald and Senator Barootes were simply the two spokesmen for the large group behind them who do not want to be patsies any more.

My friends, you have heard the debate from this side. I think we have given you some excellent information. The time is now to show your independence, show that you are not patsies, show that you are not under the thumb of Senator Kelly or the Deputy Leader, show that independence and live up to your regions.

[Senator Gigantès.]

We invite you, when the vote comes, to assist us.

The Hon. the Speaker *pro tempore:* Honourable senators, it is moved by the Honourable Senator Beaulieu, seconded by the Honourable Senator Comeau, that this bill be read the second time.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore:* Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore :* Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

And two honourable senators having risen:

The Hon. the Speaker *pro tempore:* Pursuant to the rules, the division will take place at 5:30 this evening.

• (1500)

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the period of contempt for democracy and the clinging to power by this government past its mandate contrary to all of Senator Murray's previously declared principles is now 25 days. There have now been 25 days of political cowardice and contempt for democracy, to use the government's own words.

CYPRUS

WITHDRAWAL OF CANADIAN PEACEKEEPING TROOPS—POSSIBILITY OF WARFARE

Hon. Philippe Deane Gigantès: Honourable senators, I rise again on a subject I have addressed before, but the urgency increases each day the government does not rescind its decision to withdraw Canadian troops from Cyprus.

What is the purpose of our peacekeepers? To keep the peace, of course. Have they kept the peace? Yes, they have. They are doing their jobs. Peacekeeping is not something you can measure in tiny little portions of time.

Our peacekeepers have been in some places longer than they have been in Cyprus. Why did they stay in Kashmir, for example, longer than in Cyprus? Because there was no possibility of agreement. We have one side of this dispute in Cyprus saying, "Let us reach an agreement on sovereignty-association for the Turkish part of the country, and give back to the Greek Cypriots the excess territory that the Turkish army took."

There were 16 per cent Turkish-speaking inhabitants in Cyprus when the Turkish army invaded in 1974. The Turkish army took 44 per cent of the territory and pushed 200,000 Greek-speaking refugees out of the northern part of Cyprus. The Turks are there with a large army, with planes 40 kilometers away. They have demonstrated aggression against their open people, let alone Greeks. Look at what they are doing to the Kurds inside Turkey right now.

Given the irredentist attitude of the Turkish government and the Turkish armed forces, the Greek Cypriots and the Greek government are saying that if the Canadian peacekeepers leave, the Greek Cypriots will become a slave colony to the Turks. This is why they are asking their friends the Canadians, with whom the Greeks have been allies and friends in two wars, to please stay there. They are even saying that if we find the cost too great, they will contribute to the cost. But, no! The Canadian government refuses to do this when there is the prospect of no cost.

Why has the Canadian government taken this stance? It is very difficult to understand. Not only is the government damaging our reputation, but it seems to be willing to damage other people, the people from whom Senator Barootes and I are descended. The Tories are prepared to take away from the Greek Cypriots the safety that the Canadian contingent represents. That is bad.

ROUTINE PROCEEDINGS

AGRICULTURE AND FORESTRY

SEVENTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX TO MINUTES OF THE PROCEEDINGS OF THE SENATE

Hon. Efstathios William Barootes: Honourable senators, I have the honour to present the Seventh Report of the Standing Senate Committee on Agriculture and Forestry, which requests that the committee be empowered to incur special expenses pursuant to the Procedural Guidelines for the Financial Operation of Senate Committees.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day, and that it form part of the permanent record of this house.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators, that this report be printed as an appendix?

Hon. Senators: Agreed.

(For text of report, see today's Minutes of the Proceedings, *p. 1635)*

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

On motion of Senator Barootes, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

BUSINESS OF THE SENATE

Hon. John Lynch Staunton: Honourable senators, there is a report from Internal Economy which is to be deposited. Senator Lavoie-Roux is on her way, and I hope we can get to that when she is in the chamber.

The Hon. the Speaker *pro tempore:* Is there leave to revert to committee reports later?

Hon. Senators: Agreed.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 501 residents of Alberta who object to the goods and services tax. These petitions are mainly from Edmonton, St. Albert, Acme, Cochrane, Bow Island, Coaldale, Lethbridge, Fairview, Calagary, Rimbey, Grande Prairie, Grovedale and Clairmont.

Honourable senators, I also have the honour to present petitions signed by 500 residents of Québec who object to the goods and services tax. Most of these petitions are from Dollard-des-Ormeaux, Ste-Rosalie, St-Thomas-d'Aquin, St-Hyacinthe, St-Calixte, Ste-Julienne, St-Jacques, Montréal, L'Assomption, Victoriaville, St-Samuel-de-Horton, Wickam, St-Hubert, Ste-Thérèse, Longueuil, Verdun, St-Zotique, Drolet and Ste-Geneviève.

These petitions were signed in March, 1992, by a total of 1,001 petitioners who are counting the days until the next election so they can say no to a government that gave them the GST.

QUESTION PERIOD

[*English*]

LABOUR

PROSPECT OF SETTLEMENT OF STRIKE AT GIANT YELLOWKNIFE MINE—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have three questions I wish to ask of the Leader of the Government in the Senate. The first might affect future business when the Senate returns.

There was an article in yesterday's *Toronto Star* about the miner's strike at the Giant Yellowknife Mine and the tragic

explosion of September 18. It quotes Marcel Danis, the Minister of Labour, as setting this Thursday—that would be tomorrow—as a deadline to end the strike. He said:

> "I told them to talk to the mediator and I gave them until Thursday to do that, to arrive at some agreement," said Danis.
>
> "Because if they don't by Thursday, the government will have to do something else."

My question is this: Does that statement by the minister mean that if an agreement is not reached, we should expect emergency legislation, as with the PSAC strike and the grain handlers' strike in Thunder Bay, or are there other plans that the minister has in mind?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not know what plans the Minister of Labour has in mind because I have not had an opportunity to talk to him since I saw that very statement in the media this morning. Unless something has changed dramatically in the last little while, the government has no intention of asking Parliament to act in the way that the Leader of the Opposition describes.

In response to over-depressing representations from, among others, the government of the Northwest Territories, we have taken the position that governments ask Parliament to intervene in labour disputes only in very rare circumstances when the national interest is manifestly at stake. This we do, as the honourable senator has mentioned, in the event of massive transport tie-ups or labour disputes that tie up export shipments out of our ports.

• (1510)

A local strike at a gold mine in the Northwest Territories, while it is important locally, does not meet any of the criteria that governments and Parliament have used in the past as a basis for taking legislative action. We have looked at this and have told the people up there what our position is.

I have not had an opportunity to talk to the minister in the last day or so to find out exactly what he might have in mind.

Senator Frith: Honourable senators, I am often critical of the Leader of the Government in the Senate for not having given direct answers and explanations of government policy. I should state that in this case, I think he has given us quite a clear answer as to government policy.

I take it that he is undertaking to talk to the minister and, if possible, give us an explanation tomorrow about what the minister means. As I take it, the Leader of the Government in the Senate is not clear on what is meant by this either, when the minister says:

> . . . I gave them until Thursday to do that . . . Because if they don't by Thursday, the government will have to do something else.

I take it from the Leader of the Government's answer that he will find out what is being considered.

[Senator Frith.]

Senator Murray: Honourable senators, as my friend appreciates, and as happens with matters of this kind, there is a group of ministers monitoring this situation in the Northwest Territories. We have been doing so for some considerable time. I am one of them.

As a matter of fact, there has been some attempt made to have a meeting today and tomorrow. I have had to ask them to put it off until Friday because of the uncertainties of the schedule here. That should not stop me from talking to the minister and attempting to obtain some further information, if I can, as to what he has in mind.

UNEMPLOYMENT INSURANCE

PROPOSED RESTRICTIONS ON UI BENEFITS—GOVERNMENT POLICY

Hon. Royce Frith (Leader of the Opposition): My next question arises out of an article in the Montreal *Gazette*. Michel Letreiz, vice-president of Mouvement Action-Chomage de Montreal said that people who cannot collect UI under the recent changes will not be able to collect welfare. The article says that:

> To collect welfare one must be ineligible for unemployment insurance. Those who quit their jobs or were fired with cause would be technically eligible for unemployment benefits but would not be able to collect, and because they would be eligible for unemployment they would be denied welfare.

If that is a fact—and I am not sure that it is, but the Leader of the Government can be equally clear in his answer on this—then where are these people to turn who are unable to collect UI and unable to qualify for welfare? Does the government have some plan, or anything else, in place for these people, particularly since at least one of his colleagues seems to doubt the appropriateness of food banks?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not follow the reasoning of the person whom Senator Frith has quoted.

Our intention is to propose legislation to Parliament to give effect to the changes to which the honourable senator has referred.

THE SENATE

APPOINTMENT OF NEW SENATORS

Hon. Royce Frith (Leader of the Opposition): My third question is whether we should expect another column of reinforcements perhaps even now creeping through the tunnel before the end of the year—that is, the tunnel between the East Block and Centre Block. If they are not coming by tunnel, can we expect them to arrive in some other fashion before the end of the year?

Hon. Lowell Murray (Leader of the Government): Honourable senators, there are ten vacancies. My friends here and the Prime Minister know my views.

Senator Frith: And he knows mine. I have commented on them before.

Senator Murray: Those provinces where the vacant Senate seats are located should not be permitted to suffer from under-representation and, therefore, the Prime Minister should proceed to fill the vacancies.

I have said publicly that I have every confidence that he will do so in good time. Whether some or all of those seats will be filled before the beginning of the New Year, I cannot say.

NATIONAL DEFENCE

REPORT OF TASK FORCE ON MILITARY HISTORY MUSEUM COLLECTIONS— REQUEST FOR ANSWER

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): On December 2, 1992, I asked the minister a question regarding the report of the Task Force on Military History Museum Collections, which had been presented a long time ago. There has been no response from the government. When might we receive an answer to that question?

On that same day, I also asked another question, concerning a draft report on grain transportation.

Hon. John Lynch-Staunton (Deputy Leader of the Government): I have that answer here.

Hon. Lowell Murray (Leader of the Government): Honourable senators, there is a Delayed Answer to that question which my friend, the Deputy Leader of the Government, will be bringing in later today.

I would have to make inquiries about the report on military history museums, and I will do so and let the honourable senator know the results.

REPORT OF INVESTIGATION ON CRASH OF HERCULES AIRCRAFT EN ROUTE TO ALERT—REQUEST FOR INFORMATION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have another question. When might we receive the report of that most unfortunate incident at Alert, where a Canadian Hercules plane crashed, and on which the military were conducting an investigation?

Hon. Lowell Murray (Leader of the Government): Honourable senators, there again, I shall make inquiries.

The Deputy Leader of the Government advises me that we expect to have a reply with regard to the task force on military history museum collections on December 17. That would be tomorrow.

THE SENATE

APPOINTMENT OF NEW SENATORS

Hon. Len Marchand: Honourable senators, I wish to ask the Leader of the Government in the Senate about the impending Senate appointments. I do not know if they are in the tunnel, in Santa Clause's sleigh, or wherever they are, but the Aboriginal Peoples are relatively well represented here in the Senate at this moment by two Inuit, and my friend Walter Twinn and me as Indians. However, there have been no Métis here in this chamber for a long time.

Therefore, before that precious time comes for appointments, would the minister make a pitch to his friend Brian that there really should be Métis representation in this chamber?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall certainly convey the representations of my honourable friend to the Prime Minister.

Hon. Philippe Deane Gigantès: On the same topic, will the Honourable Leader of the Government perhaps also suggest that not only should the Métis dimension be considered, but also that a female Aboriginal leader should be appointed to this Senate? It is high time that such a person was appointed to this chamber.

• (1530)

Senator Murray: Honourable senators, I will add that representation to that which we have just heard from Senator Marchand and convey them both to the Prime Minister.

Senator Gigantès: That is, if you can find a Tory one.

PHARMACEUTICAL INDUSTRY

CHANNELLING OF RESEARCH FUNDS TO EASTERN AND WESTERN CANADA—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, I know that, with the support of the government, before too long Bill C-91 will be in committee, and perhaps with the support of the government, except for a couple of Conservatives who might finally vote according to their conscience, it will become law. Perhaps the Leader of the Government in the Senate might take into consideration putting pressure on these pharmaceutical drug companies to send some of the $500 million they have promised to Canada for research and development to Atlantic Canada and to the western provinces? Only 0.37 per cent of such funds came to Prince Edward Island over the past four years. Newfoundland received 0.22 per cent. Nova Scotia received 0.7 per cent. New Brunswick got 0.1 per cent. That makes a grand total of 1.1 per cent for all of Atlantic Canada.

Would the Leader of the Government guarantee for the western provinces and the eastern provinces a greater share of that research and development money from their friends in the pharmaceutical companies?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not in a position to give that kind of a guarantee to the honourable senator, as he well knows. The people who are in a position to discuss the matter intelligently and in detail are the representatives of the pharmaceutical industry and their associations. Some of whom, I have no doubt, will be appearing before the Standing Senate Committee on Banking, Trade and Commerce, if and when Bill C-91 receives second reading and is sent to that committee today for study.

I would expect that, starting now and throughout a good part of January, there will be opportunity, day in and day out,

morning, noon and night, for that committee to sit and for the honourable senator to sit with it to raise exactly those questions with representatives of the pharmaceutical industry and other witnesses who are qualified in this field.

REFERRAL OF PATENT ACT AMENDMENT BILL, 1992 TO BANKING, TRADE AND COMMERCE COMMITTEE—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, would the Honourable Leader of the Government tell us why Bill C-91 is being referred to the Banking, Trade and Commerce committee? Why would a pharmaceutical bill, a medical bill and a drug bill, go to the Banking, Trade and Commerce committee? It seems to me that the government has its priorities in the wrong place. They are getting money from pharmaceuticals, so this is a money bill to them and to the senators, when in fact it is a health bill and therefore should be going to the Social Affairs committee. Why is this bill not being sent to the proper committee?

Hon. Lowell Murray (Leader of the Government): Honourable senators, it is because the rule concerning patents must be studied by the Standing Senate Committee on Banking, Trade and Commerce. I am looking up the rule and will provide the citation to my honourable friends.

Senator Frith: It says patents and royalties.

Senator Murray: It is on page 94 of the rules, rule 87(1)(l):

> The Senate Committee on Banking, Trade and Commerce, composed of twelve members, four of whom shall constitute a quorum, to which shall be referred, if there is a motion to that effect, bills, messages, petitions, inquiries, papers and other matters relating to Banking, Trade and Commerce generally, including:
>
> (iv) patents and royalties;

Senator Frith: But you know that yesterday we sent a patent bill to the Legal and Constitutional Affairs Committee. The honourable senate is just saying that, in this case, it might be more appropriate to send this bill to the Social Affairs committee.

Senator Murray: The Social Affairs committee has had a fairly heavy agenda, as has the Banking Committee. However, we did not see any reason to propose something different in this case. The chairman and ranking senior members of the Banking committee, including Senator Kirby, have had discussions in the steering committee about how the committee might function and when. I understand from Senator Poitras, who is the chairman of the committee, that lists of witnesses are being exchanged. In anticipation of the bill receiving second reading here and being sent to committee, the responsible people on that committee have already begun preparations to deal with the bill.

[Senator Murray.]

PARTICIPATION OF PROVINCES IN HEARINGS OF COMMITTEE ON PATENT ACT AMENDMENT BILL, 1992—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Would the Leader of the Government assure us that the provinces will be invited to participate and that all of the participants will be given time to prepare and present their briefs?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think the honourable senator should direct that question to the chairman of the committee. I am not in a position to give guarantees to anything on behalf of that committee. My friend would be the first to object if I tried to do so.

Senator Bonnell: Honourable senators that is fine. I can understand that the leader would not want to tell the chairman what to do, but many times he will tell some of the members what to do, such as Senator Di Nino. He was the perfect senator to stop immigrants from coming to this country. He put closure on Bill C-86 before we had heard a witness and before we had even determined how many copies of the proceedings should be printed. As long as he has people like Senator Di Nino who will introduce closure, then I can understand that the Honourable Leader of the Government cannot give assurances. However, perhaps he could talk to the chairman of the committee and say, "Look, take them for a cup of coffee or something and give the provinces a chance to be heard."

Senator Murray: Honourable senators, I should not even express an opinion on this, but today is December 16, and I hope and expect that at 5:30 this afternoon, we will give second reading to Bill C-91 and refer it to committee. That means that, starting tomorrow and from now to well into January, I would think —

Senator Bonnell: What about February?

Senator Murray: —there will be plenty of opportunity to hear whomever the committee wants to hear. The Senate will not be sitting; the committee, therefore, can sit Monday to Friday, morning, noon and night, if that is their wish.

Senator Bonnell: Would the Leader of the Government assure us that it is his wish that the committee not report back before February 1, so that we will have the whole month of January if we need it?

Senator Murray: Honourable senators, I have not given that matter very much thought. All I know is that there is plenty of time for honourable senators on the committee to conduct meetings and to hear numerous witnesses. At the moment, Parliament will be returning on February 1.

Senator Bonnell: That is the House of Commons.

Senator Murray: I am now thinking out loud, but since this is something that we have not completed before Christmas, my general inclination would be to suggest that the committee ought to complete its work—and it has plenty of time to complete its work before the last week in January—at which time we could come back and deal with the report. But

I am thinking out loud, as I said. I will have to reflect on these matters at a bit more length.

Senator Bonnell: We are glad you are thinking, anyway. Are you telling us now that the Senate will return the last week of January, before February 1?

Senator Murray: No, honourable senators, I am not saying that, but if that decision were taken, I hope the honourable senator will not find it too much of an inconvenience.

Senator Frith: They would be very disappointed if you were not here.

Senator Murray: I hope you will be here for the committee.

• (1530)

Senator Bonnell: I will have every opportunity to do so. That is another committee of which I am not a member, so I will have to go to all the committee meetings and keep eating the sandwiches like the other senator here talked about.

Senator Murray: I suggest that your Whip would be glad to accommodate you with a posting on that committee.

Senator Frith: You notice he does not want to tell his own people what to do on committees, but he does not mind telling you.

FOREIGN AFFAIRS

INITIATIVE OF NATO CONCERNING BOSNIA—REQUEST FOR INFORMATION

Hon. Peter Bosa: Honourable senators, I should like to put a question to the Leader of the Government in the Senate. Apparently, there is a new initiative taking place in Europe by the North Atlantic Treaty Organization concerning Bosnia. Does the minister have any information that he could share with honourable senators here today in that regard.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I must confess that I do not have any more information than does the honourable senator, although I have asked for some and hope to receive it shortly.

DELAYED ANSWERS TO ORAL QUESTIONS

Senator Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have answers to questions asked on December 1 by Senator Bonnell regarding the drug testing regulations; on December 2 by Senator Molgat regarding Dene land claims and the draft report on grain transportation; on December 14 by Senator Gigantès regarding the comments of the Minister for International Trade on drug prices; and by Senator Perrault regarding the Patented Medicine Prices Review Board.

Hon. Philippe Deane Gigantès: Honourable senators, my question was whether the Honourable Michael Wilson has a medical degree. Is that the question to which the honourable senator has an answer?

Senator Lynch-Staunton: Yes.

Senator Gigantès: I should like the Deputy Leader of the Government to read the answer to me.

PHARMACEUTICAL INDUSTRY

MEDICAL QUALIFICATIONS OF MINISTER OF INTERNATIONAL TRADE

Hon. John Lynch-Staunton (Deputy Leader of the Government): The point made by the Honourable Michael Wilson was purely for illustrative purposes, to put in perspective the costs attributable to Bill C-91.

There was no suggestion that Canadians taking essential medication should reduce their intake of needed drugs. On the other hand, there are over 36,000 Ontarians, each receiving more than 100 prescriptions per year.

This naturally raises questions about the necessity of all these prescriptions. Better management of drug utilization has been recognized as a key factor in controlling future drug costs. The value of reducing the consumption of drugs by one prescription per Canadian is almost 20 times the additional cost of Bill C-91 per year, which the government has estimated will be about $1.00 per Canadian per year over the first 5 years.

Senator Gigantès: You did not answer my question as to whether he has a medical degree.

Senator Lynch-Staunton: Why not look that information up in the *Parliamentary Guide*? That will give you the answer faster that I can give it to you.

Senator Gigantès: Maybe he is modest and kept that particular qualification secret.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): May I ask the honourable senator if the reply to my question has to do with the Dene claims?

Senator Lynch-Staunton: Yes, it does.

Senator Molgat: Could the honourable senator read that reply as well, please?

INDIAN AFFAIRS

DENE CLAIMS RESPECTING LANDS COVERED BY NUNAVUT AGREEMENT—GOVERNMENT POSITION

Hon. John Lynch-Staunton (Deputy Leader of the Government): The Minister of Indian Affairs and Northern Development has assured the Manitoba Chipewyan Dene of the Fort Churchill and Northlands bands that their traditional interests in the Northwest Territories will be protected following the conclusion of the Tungavik Federation of Nunavut (TFN)(Inuit) land claim. Specifically:

The TFN Claim Final Agreement will, in no way, affect the aboriginal or treaty rights of other aboriginal peoples under the Constitution; it will provide for continued hunting and trapping by the Chipewyan Dene in areas of the Nunavut Settlement Area that they have traditionally used and continue to use; it will provide for Chipewyan wildlife harvesting to be taken into account by the Nunavut Wildlife Management

Board; and it will protect Chipewyan archaeological specimens and cabin sites.

Several meetings have been held with Manitoba and Saskatchewan Dene seeking their agreement to include these protections in the TFN claim. Funding has been provided to the Chipewyan Dene to document their use of the area in question. However, the Dene of Manitoba and Saskatchewan have to date rejected these proposals. With the protections being offered, the government firmly believes that traditional harvesting and other activities of the Dene North of 60 will not be affected by either the creation of the Nunavut Territory or by the settlement of the Inuit Land Claim.

PHARMACEUTICAL INDUSTRY

CHANGES TO DRUG PATENT REGULATIONS—GOVERNMENT POSITION

(Response to question raised by Hon. Lorne Bonnell on December 1, 1992.)

At the beginning of this year, the Minister of National Health and Welfare requested Dr. Denis Gagnon to carry out a review of the drug approval system in Canada. The report was recently released and some of his recommendations relate to the enhanced sharing of information between government regulatory agencies, thereby creating a larger safety and efficacy database on which to establish decisions. The decision to approve a drug in Canada will continue to rest with Canadian regulators. The Minister is committed to continue the high level of health protection provided in the past while making better use of outside resources including Canadian experts and information from other regulatory agencies similar to ours.

With respect to Imitrex, all companies tend to exert pressure to expedite the final stages of the issuance of the Notice of Compliance. The Department of Health and Welfare does not take shortcuts in response to these pressures. The review of the drug was conducted by in-house experts (physicians and scientists). In addition, the advice of eminent clinicians (a neurologist and a cardiologist) was also sought and their comments were incorporated into the prescribing information. Questions raised by a member of the Department were addressed before the approval of Imitrex in January 1992.

AGRICULTURE

DRAFT REPORT ON GRAIN TRANSPORTATION—REQUEST FOR COPY

(Response to question raised by Hon. Gildas L. Molgat on December 2, 1992.)

Following the July 1992 meeting of federal and provincial ministers of Agriculture in Halifax, the federal government engaged Ramsey Withers to consult with provinces and industry in order to develop a comprehensive package of recommendations on western grain transportation policy reform.

[Senator Lynch-Staunton.]

In addition, eight issues related to transportation policy reform were to be technically examined by issue co-ordination groups. These reports were completed in October 1992 and Mr. Withers engaged in consultations in early November 1992.

Based on the technical work and consultations with stakeholders, Mr. Withers presented a comprehensive package of policy reforms to federal and provincial ministers of Agriculture when they met in Toronto on November 16 and 17. Ministers discussed the package and developed more detail regarding some of the proposals. Provincial ministers agreed to use the revised package as the basis for consultations with their Cabinet colleagues as well as with the industry.

The reform package presents "building blocks" for change, that is, components that should form part of any effective and comprehensive proposal. The package is intended only as a working draft to provide a basis for discussion and is subject to change, and therefore, has not been released by the government at this time.

Discussions with provincial and industry stakeholders as to whether the working draft can be used as a basis for developing more detailed policy proposals are continuing.

PHARMACEUTICAL INDUSTRY

REPORT OF PATENTED MEDICINE PRICES REVIEW BOARD REFLECTING INCREASED DRUG PRICES AND ROLLBACKS—REQUEST FOR INFORMATION

(Response to question raised by Hon. Raymond J. Perrault on December 14, 1992.)

According to the Patented Medicine Prices Review Board's information, there is no existing patent on Rheumatrex and Lederle-Cyanamid, the manufacturer, has confirmed this information. The product does not come under the purview of the Patent Act and therefore, not under the jurisdiction of the Patented Medicine Prices Review Board. Since the Board is a quasi-judicial body with no jurisdiction over this product, it would be impossible for the Board to review this matter.

ORDERS OF THE DAY

APPROPRIATION BILL NO. 3, 1992-93

SECOND READING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lynch-Staunton for the second reading of Bill C-100, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a promise to fulfil on this bill. I raised yesterday the question of an echo or distant memory I had of undertakings that Senator Doody and I used to give in this regard.

I am obliged to Mr. O'Brien, the head of our committees branch who also serves at our table, for turning up an example from March 27, 1984 when I was Deputy Leader of the Government. I added:

> There are two important conditions to my request to honourable senators to support this bill for interim supply. The first is that in no case is Parliament being asked to pass the entire amount of a vote, even proportionally. The second point is that the form of the bill is the usual one asking for interim supply.

I then added:

> I pause here in remembrance of Senator Grossart, since he always very carefully insisted that an undertaking be given to the effect that the passing of a of this type would not prejudice the rights and privileges of members to criticize any item in the estimates when it came up for consideration in committee. The usual undertaking is hereby given that such rights and privileges will be respected and will not be curtailed or restricted in any way as a result of the passing of this measure.

It is quite clear that the undertaking that I remembered applies to interim supply. You can tell by the quotations I have made, honourable senators, that they are apt in reference to interim supply, but not to main supply.

That is the explanation. I am satisfied that this bill should pass.

Senator Lynch-Staunton (Deputy Leader of the Government): Honourable senators, perhaps the Leader of the Opposition was also thinking of the assurance which is traditionally given by the President of the Treasury Board which reads, "The form of this bill is the same as that passed in previous years." This was given by Minister Loiselle before the house in Committee of the Whole. I assume that is the one we expect him to give when he comes before the National Finance Committee.

Senator Frith: There is no reason why you should not give it here, too, on his behalf.

Senator Lynch-Staunton: It can be given here, too, from now on, but I assume that since he has given it elsewhere, it carries over.

Motion agreed to and bill read second time.

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

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

• (1540)

GWICH'IN LAND CLAIM SETTLEMENT BILL

SECOND READING

Hon. Walter P. Twinn moved second reading of Bill C-94, to approve, give effect to and declare valid the Agreement between Her Majesty the Queen in right of Canada and the Gwich'in, as represented by the Gwich'in Tribal Council, and to amend an Act in consequence thereof.

He said: Honourable senators, I should like to say a few words on Bill C-94, the Gwich'in Settlement Act.

In April this year, at Fort Macpherson, the Minister of Indian Affairs and Northern Development signed an historic accord with the Gwich'in Tribal Council and the Government of the Northwest Territories.

The accord sealed important provisions agreed upon by two governments and a council representing 2,200 Gwich'in which would see a major land claim settled in northern Canada.

I ask honourable senators here today to give Bill C-94 — legislation to give effect to the Gwich'in comprehensive land claim agreement—their strong consent.

As honourable senators know, the settlement of Aboriginal land claims is a priority with the federal government and is one of many pillars of Canada's Native agenda.

Settling land claims is vital to the future of many First Nation communities and contributes to the economic development of this country. Progress on improving conditions for Native communities cannot be separated from progress on land claims.

Without a land claim settlement, few economic opportunities other than traditional occupations exist for the Gwich'in. The 2,200 Gwich'in living in four communities—Aklavik, Inuvik, Fort Macpherson and Arctic Red River—have had a leadership role in the development of the north and the ongoing management of renewable resources.

The passing of Bill C-94 would enable the Gwich'in to manage their own affairs.

With this accord, they will receive title to more than 22,000 square kilometres of land in the Northwest Territories, of which some 6,100 square kilometres will include subsurface rights, and title to more than 1,550 square kilometres in the Yukon. The lands in the Yukon are in the Peel River basin, where the Gwich'in have been hunting, trapping and fishing for countless generations.

As part of a financial package, the Gwich'in will receive a tax-free payment of $75 million in 1990 dollars to be paid out over the next 15 years; a share of resource royalties received from the Mackenzie River valley in the western Northwest Territories equivalent to 7.5 percent of the first $2 million

earned and 1.5 per cent on sums earned thereafter; and a 15-year subsidy of property taxes on certain Gwich'in municipal lands.

The Gwich'in Settlement Act requires that the Gwich'in cede only specified rights—ambiguous rights relating to land and resources—and does not infringe on any future rights under the constitution. While Bill C-94 clarifies the Gwich'in's rights, other benefits under Treaty 11 remain in place, including annual treaty payments and education rights.

Under Bill C-94, the Gwich'in would have preferred access to certain commercial wildlife activities. They would play a major role in managing the renewable resources of the area.

For instance, Bill C-94 provides the Gwich'in with more clearly defined rights over such areas as fishing and trapping. The Gwich'in will possession exclusive trapping rights and preferential rights to harvest all wildlife species in the settlement area.

As well, only Gwich'in will be licensed for commercial fish harvesting in waters overlying Gwich'in lands.

New licences within the settlement area for commercial guiding, outfitting, naturalist activities and the breeding of species native to the region will be first made available to the Gwich'in.

These provisions, including a guarantee by the federal government to enter into self-government negotiations with the Gwich'in, are the foundations of Bill C-94 and provide a secure foundation for the Gwich'in to determine their own future.

The $75 million financial package will enable the Gwich'in to invest in regional development. They have already received $2 million and will receive another $7 million once the legislation is passed.

Although this legislation will primarily benefit the Gwich'in, non-native northerners will also gain. Certainty of land title, which is provided under this legislation, will encourage prospective investors to pump money into the regional economy, which will bring growth and employment to the north.

This agreement is only one of the recent initiatives which will benefit northern communities. Progress on other land claims, such as the with the Tungavik Federation of the Nunavut, the Council for Yukon Indians and the Sahtu Tribal Council and our recent acceptance of the Dogrib claim in the North Slave region of the Mackenzie Valley, are other examples of the government's commitment to settling claims.

The passage of this legislation will be more proof of Canada's commitment to the land claims negotiation process and the spin-off benefits it generates.

Honourable senators, for all the worthy reasons I have outlined for you, I ask that you lend your support to the legislation before us today.

Hon. Len Marchand: Honourable senators, I want to thank Senator Twinn for the explanation of Bill C-94, and I want to tell him before there is any excitement by me getting up to speak, that I will support the bill. We on this side want to make sure that it passes before too long.

I expect that we will go into committee of the whole, and I hope that would be your intention. There are some questions I have. The bill itself is really very short. It just gives effect to these two documents. This is what the Gwich'in agreement is, and it is in two very large documents.

I have not had a chance to digest it. I wish that I did have a chance to really go over it all, but I have not since I just received the documents yesterday.

In general, I think the agreement is a good one. I want to congratulate the government, and I want to also congratulate the Gwich'in people.

The bill which gives effect to the agreement affects an old treaty, Treaty 11, which was negotiated some years ago. I am very happy that the old Treaty 11 was not implemented because I do not think it was a very good deal. If any of you have ever read a bit of the history of the treaty-making process, you will realize that the deals that were made in those days were pretty damn bad. In so many cases, our land was just stolen from us. There are no other words to use but to say that we were cheated out of our lands.

When a lot of those treaties were made, our people did not speak the language. Many of our people did not speak any English or French, the operative languages of the government of that day, as they are this day. There are absolutely pathetic accounts of how our people were dealt with in those days.

The Gwich'in people were wide awake when they made this deal. They knew what was happening. They made this deal in good faith. I think that the government of Canada negotiated in good faith and I am happy to support this.

I was looking at the overall land area and I was kind of licking my lips and wishing that we could have received nearly the amount of land that these people got in this deal. I know that the land use is different. The unforgiving, barren lands of the north are not as productive as the southern lands. But there is no more of planet earth being made, so I am very envious of the territories that the Gwich'in people are getting.

I will give you some examples of what this means. I converted to acres for the sake of us farmers. There are 640 acres to a square mile. In B.C. we now have a total of 860,000 acres in reserve land, which comprises about .37 per cent of the land area of British Columbia.

The Gwich'in lands in the Northwest Territories might compare to a lot of our lands because the greatest rock piles in British Columbia are on our reserves. They are not very productive.

As I mentioned, in B.C. we have 860,000 acres. In the Northwest Territories alone, under this agreement, they have

5,581,080 acres. In the Yukon they get 1,498,880 acres, for a total of 7,016,960 acres. If we Indians in British Columbia had told the white people when they came that we would give them a bit of our land and we would keep a bunch of it for ourselves, we would be kings in our own land instead of paupers.

We in B.C. are hoping that in the future there will be at least a half favourable settlement. I hope that this settlement will provide the Gwich'in people with a meaningful life for the future, that it will give them some kind of economic benefit so that they can lead meaningful lives.

God knows, our people want to lead meaningful lives. We want to lead full lives. We want to be able to participate in the political, economic and social life of Canada. Hopefully, this kind of a deal will do that for the Gwich'in people. The deal we have in British Columbia does not provide the means that we should have had in our lives.

You have heard the statistics on the poverty our people, not only in British Columbia but all over. Ninety per cent of our people are unemployed right now in many of our reserve communities. If we had this kind of a deal which gave us a meaningful amount of land, meaningful attention paid to the economy of the area and meaningful attention paid to the lives of those people for now and the future, we would not have all the problems our people are faced with today.

I am sorry that the Leader of the Government is not here, but he can read the Hansard. Right now in British Columbia a so-called treaty arrangement that has been put in place; a treaty agreement between the government of British Columbia, the Indian people of British Columbia and the Government of Canada. It really is quite a good agreement, but it is not moving. It is bogged down. The Indians of British Columbia have appointed their people to that commission. We are waiting for the federal and provincial governments to appoint theirs.

I do not want to get partisan, but our people in British Columbia have been waiting for a long time to get a decent settlement. These are our lands. We all believe that we have Aboriginal title to British Columbia. We have no treaties in British Columbia except for small portions of the province on Vancouver Island and Treaty 8 in the northeast part of the province. We have never ceded these lands over to anyone. We were never beaten in a war for these lands in British Columbia. So, by all standards of human settlement and decency, we still own those lands.

Our people want to make a deal. We want a fair arrangement whereby we can own a decent amount of land and lead decent lives. We would like to have some kind of economy on those lands.

Over my lifetime the government of Canada has been obstinate about making a deal, but the government of Canada of which I was a part made a policy pronouncement in August of 1973 that we would negotiate Indian land settlements in all of Canada. That is when this whole process started. I am very happy to see that this Progressive Conservative government dealt with this situation of land settlement in quite a decent and fair way. I really believe that. I am happy and I must say that I was kind of surprised. Knowing the history of governments and the way they treated our people, I thought that perhaps they would not be as progressive as they have been. I commend you people for it.

Another stumbling block for us has been the obstinacy of the provincial governments in British Columbia. The Socred governments have been blockheaded. They have been obstinate. They have treated our people like nobodies. They shoved us aside and said that we do not really exist. If we do exist, we are wards of the federal government and so on.

The NDP government has now said some pretty good things. They have said they recognize aboriginal title—which is very important, tantamount for us—and they will get around to some kind of a settlement. However, I have never had much faith in NDPers. They are full of pie in the sky, they are holier than thou, and always have the answers.

Senator Lynch-Staunton: Liberals in a hurry?

Senator Marchand: Liberals are good people. They are all right.

But up to now, we have had nothing but puffery from the NDP, nothing but pious statements, nothing but pie in the sky. We are hoping that they will eventually come around and make some kind of deal with us.

What have the B.C. governments been afraid of? The people, of course. They have been afraid of the people of British Columbia and the people of Canada.

When the great Dave Barrett was Premier of British Columbia in 1975, there were a few skirmishes. The 1970s were not good times. There were a lot of confrontations between our people and the federal government and the provincial governments. There was a discussion in Chilliwack in the summer of 1975 with a group of our backers. At the end of that meeting, he said it would cost the taxpayers of British Columbia billions of dollars to settle claims in B.C. End of discussion. End of game. It was all over because the people of British Columbia got so very angry. I was confronted many times as an Indian in British Columbia. People would say, "What the hell do you Indians want? How will you get this money from us when it will cost billions of dollars?" That is the tactic they used and it worked. It really worked.

The Oka crisis was one of the most educating processes that we have had in a long time. It was unfortunate the way it had to happen, but the public were educated in that time and they are educated now. The debate that went on during the constitutional process was, in that sense, very good. It was an enlightened debate for Canadians.

I have never seen as much goodwill on the part of Canadians towards aboriginal peoples as there is now. The time is right for justice. The time is right in the minds of Canadians for settlements of this kind. The time is right in the province of British Columbia and I think the goodwill is there. I hope this government will push that NDP pie-in-the-sky bunch to

get some kind of settlement moving now. It is important, it is necessary.

Our people have progressed in some ways, although not as much as we would like to in all aspects of life. As you know, I circulated a few months ago a document relating to parliamentary reform. The Royal Commission on Electoral Reform bought the proposal that we put to them in terms of justice for aboriginal peoples in the electoral process. I was very pleased that the Royal Commission bought that proposal.

However, since confederation, there have only been 11 of our people elected to Parliament, out of a total of about 11,000 people elected. We did not even get a vote until 1960. When B.C. joined Confederation in 1871, our people were a majority in the province of British Columbia, and we did not have a vote.

The system that the Royal Commission had advocated was based upon the Maori system to a large degree. The Maoris in their Treaty of Waitangi in 1867 received a guaranteed four Maori seats, north, south, west, and east Maori, based upon their population at the time, because these foreign people were coming into Maori lands. Of course, foreign people came to our lands, took it over, forgot about us, and left us out. We were left out of so many areas of the life of Canada.

Anyway, I did not mean to get wound up like that.

Senator Frith: No, please do.

Some Hon. Senators: Hear, hear!

Senator Marchand: It is an opportunity to share with my colleagues here some of the things that I have been thinking of for a little while. Let us get on with this bill. It is a good one. Let us pass it.

Hon. Willie Adams: I want to say a couple of words. I am sorry that I had to be at committee and miss the rest of the debate from the government side. My colleague Senator Marchand, I think, did pretty well.

Even living in the Northwest Territories myself, it is difficult for me to see how the tribal councils are claiming lands in the territories. As Senator Marchand says, I think they have a very good deal. Only last year our people reached a principle agreement between the Government of Canada and Nunavut, a land that was in the Northwest Territories. That agreement was just signed last year here in Ottawa.

Right after the referendum, we had our own referendum about the boundary between the east and the west, between the Northwest Territories and the future land called Nunavut. Of all the people in the communities of the Northwest Territories, 57 per cent agreed to splicing the territory into east and west and we will call ourselves Nunavut. Sometime in the future we are expecting the legislation to pass through the House of Commons and the Senate.

At that time, I think the tribal council were planning and expecting it to be all one group and all one settled land claim in the western Arctic. I think people are now a little confused.

[Senator Marchand.]

We have something like five different tribes of people living in the MacKenzie Delta. Every one has a little different idea of what the future holds on parting the land among themselves.

This is the first group now to have a claim. Last year, we figured we would only have two territories. Now it looks like we will have a few more. Maybe in the future the Northwest Territories will be split into five or six different areas. We would all still be the same group, but we would have our own land, our own control, for the future. The Northwest Territories being such a large land mass with only a small popublation, big land, such a small population, will be difficult to govern.

• (1610)

It is very expensive for people in the North to travel anywhere, even to small communities. Even if you travel only 100 miles to another community, your airfare costs about $300 or $400 one way. In the newspapers, I see that one can travel from Ottawa and to Florida for $250. If you want to visit your family in another community, it is very difficult to do in the North.

Our main transportation in the North is the snowmobile. If you have 70 or 80 miles to travel from one community to another, it can take four or five hours one way. That travel time also depends on the season.

There have been many changes in the communities of the North. Northern peoples are now attending schools to ensure that they will have jobs in the future.

The people of the North are talking about controlling their own land so that they can have their own hunting rights and look after the environment.

The North is not the same as it was 40 or 50 years ago. It is difficult to make a living fishing and hunting caribou, living off the land. Prices are low.

Those peoples of the North who control their own land may develop agreements with certain companies. They may chose to develop mining or oil reserves on their land. The same type of thing happened with the railways and coal.

Honourable senators, I do not wish to keep you too long. The people of the North have been waiting for this bill to be passed through Parliament. We would be very happy to see it pass today.

Hon. Senators: Hear, hear!

Motion agreed to and bill read the second time.

REFERRED TO COMMITTEE OF THE WHOLE

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, Mr. Siddon, the Minister of Indian Affairs and Northern Development, is available to meet with us in Committee of the Whole tomorrow morning. I

move that we go to third reading tomorrow morning in Committee of the Whole.

On motion of Senator Lynch-Staunton, bill referred to Committee of the Whole for consideration at the next sitting of the Senate.

NOVA SCOTIA COURTS AMENDMENT BILL, 1992

BILL TO AMEND—SECOND READING—DEBATE CONCLUDED

Hon. Donald H. Oliver moved second reading of Bill C-96, to amend the Judges Act and other Acts to give effect to the reconstitution of the courts in Nova Scotia.

He said: Honourable senators, as a resident of Nova Scotia and a lawyer from Nova Scotia, it is a very deep honour to move second reading of Bill C-96, technically called an Act to amend the Judges Act and other acts to give effect to the reconstitution to the courts in Nova Scotia, the short title of which is the Nova Scotia Court Amendment Act, 1992.

Honourable senators, this act would amend the Judges Act as well as a number of ancillary laws to accord with the restructuring of the courts in Nova Scotia.

On June 30, 1992, the province of Nova Scotia adopted legislation to restructure the courts in the province. That legislation is to come into force on a date to be fixed by proclamation. The province has indicated to the federal government that it wishes to bring the legislation into force as early as January of 1993. On July 17 of this year, the attorney general formally asked the Minister of Justice in Ottawa to pass the complimentary legislation.

Bill C-96 would enact the complementary amendments to federal legislation consequent upon the restructuring of the Nova Scotia courts. In addition to changing the names of the courts where they appear in federal statutes, this legislation will make the changes in our Judges Act necessary to reflect the new organization of Nova Scotia courts, including the merger of the County Court and the Supreme Court Trial Division into the Supreme Court of Nova Scotia, and the separation of the Supreme Court Appeal Division into the Nova Scotia Court of Appeal. There will also be a new position of Associate Chief Justice of the Supreme Court of Nova Scotia.

Honourable senators, Nova Scotia is the only province in Canada with county courts. At one time, all provinces, except Quebec, had county courts or their equivalent. The trend to a single civil court began in 1975 in Prince Edward Island. Alberta followed in 1978; New Brunswick, 1979; Saskatchewan in 1980; Manitoba 1983; and Newfoundland in 1986. British Columbia's county and Supreme Courts merged on July 1, 1990, and Ontario's courts merged on September 1, 1990.

The changes in Bill C-96 will eliminate the last of the county and district courts in Canada and will increase the uniformity of the court structure across the country. They will also assist in simplifying the judicial system in Nova Scotia and in providing much easier access to the Supreme Court across the province.

In addition, honourable senators, this bill represents another example of this government's commitment to making the judicial system in Canada more efficient and to cooperating with the provinces and the territories to improve the administration of justice throughout the country.

Hon. Senators: Hear, hear!

● (1620)

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I am sorry that I had to be outside for a moment and, therefore, I did not hear Senator Oliver's intervention. But I did speak to him and I know something of what he was going to say. He probably told you that the bill was introduced in the house on November 26 and considered in Committee of the Whole and passed at third reading on December 11 and introduced here on December 14.

This bill is primarily a technical one. Perhaps I will be saying things that he has already said, but I do not have long notes. This bill brings the Nova Scotia court system in line with those of other provinces. It will do away with all county and district courts in Nova Scotia by organizing Nova Scotia to proceed with reorganizing and streamlining—a word that I do not like particularly, but it is the vogue. Everything in life should be streamlined and made to move as fast as possible, a concept which is contrary to the traditions of this house.

The bill allows Nova Scotia to proceed with the reorganizing of the court system. The County Court will be merged with the Supreme Court Trial Division coming under the Supreme Court of Nova Scotia. This is all essentially what happened some years ago in my own province of Ontario and has happened in every other province.

The Supreme Court appeal division will be a separate court, the Nova Scotia Court of Appeal. All references to the County Court and the judges' salaries associated with the institution will be removed.

Honourable senators, I understand that all parties support this bill. In the other place, NDP member Ian Waddell and independent member Patrick Nowlan asked some questions regarding judicial training and gender sensitivity, but they also supported the bill.

I know of no reason not to support the bill at second reading. I believe that the house leader on the other side, the Deputy Leader of the Government, has arranged with Senator Oliver to have this bill go to Committee of the Whole. We will then have an opportunity to raise any questions that we need answered. Maybe there will be no questions, but it would be good to have on our record some official explanation and verification of what Senator Oliver and I have taken for granted is true.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE OF THE WHOLE

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move that this bill be referred to Committee of the Whole, which can meet this evening at 8 o'clock when the parliamentary secretary of the Minister of Justice, Rob Nicholson, can make himself available to discuss the bill.

On motion of Senator Lynch-Staunton, bill referred to Committee of the Whole for consideration later this day.

[*Translation*]

WILD ANIMAL AND PLANT PROTECTION AND REGULATION OF INTERNATIONAL AND INTERPROVINCIAL TRADE BILL

SECOND READING

On the order:

> The Senate proceeded to consideration of second reading of Bill C-42, an Act respecting the protection of certain species of wild animals and plants and the regulation of international and interprovincial trade in those species.

Hon. Normand Grimard: Honourable senators, it is no exaggeration to say that the wild animals and plants of this world live in difficult times, as we do. Loss or deterioration of habitat and the effects of toxic substances have a severe impact on their survival.

Add to this problem the additional stress caused by illegal and uncontrolled trade. The poaching and smuggling of wild animals and plants is a lucrative and growing business.

That is why, honourable senators, I welcome this opportunity today to speak to Bill C-42. After several years of consultations with the provinces and the territories, Parliament has shown a keen interest in this legislation, at all stages. The bill received first reading in the other place on November 7, 1991. After second reading on March 17, 1992, it was referred to a legislative committee where it was examined in detail. Many organizations supported Bill C-42 and urged the government to approve the bill as soon as possible. The legislative committee suggested many amendments which were approved by the House of Commons on third reading, on December 11.

The bill will replace the *Game Export Act* passed in 1941 and the regulations adopted in 1975 under the *Export and Import Permits Act*, through which the Convention on international trade in endangered species is now implemented in Canada.

The proposed legislation will allow Canada to support efforts by other countries to conserve and protect species, especially endangered species. Under the bill, it will be illegal for a person to import into Canada any wild animal or plant obtained in contravention of the laws of any foreign State.

Thus, Bill C-42 will ensure that a person cannot escape prosecution for the violation of another country's protection laws simply by leaving that country and hiding out in Canada. Canada will not be a haven for those who poach and smuggle wild animals and plants in other countries.

Honourable senators, wild animal and plant conservation is a responsibility we must all share. Since both species and trade in those species ignore artificial barriers such as national borders, the nations of the world must unite to protect the wild animals and plants found on this planet. The same applies within Canada. Federal, provincial and territorial governments share a responsibility for wild animals and plants.

As you know, the federal government is responsible for migratory birds, fish, mammals and animals and plants located on federal lands such as national parks. All other types of wild species are the responsibility of the provinces and territories.

The federal government is also responsible for meeting its commitments under various international conventions and treaties, including the Convention on international trade in endangered species. The federal government is also responsible for trade in general and for international and interprovincial trade. The provinces and the territories play a leading role in designing and implementing these programs.

[*English*]

• (1620)

I previously mentioned that the proposed act will replace the Game Export Act and Regulations pertaining to wildlife under the Export and Import Permits Act. Both of those acts currently control international and interprovincial trade in wildlife through a permit system. Those systems will be maintained under this new legislation by referring, either in the proposed act itself or in the regulations, to provincial or territorial permits or licences. The purpose of the federal interprovincial transport permit is to prevent the introduction of potentially harmful wildlife from one part of the country into another. Where such controls will help to prevent harmful introductions, a list of species of concern will be developed on a province-by-province basis at the request of the receiving province or territory.

Upon agreement, administrative responsibilities for the issuance of the interprovincial transport permits will be transferred to the provinces and territories. The provinces and territories will therefore determine what wildlife may be brought into their jurisdictions from other parts of Canada.

Bill C-42 will also permit the interprovincial transport of wild animals or plants taken, possessed, distributed or transported in contravention of provincial or territorial laws or regulations. Thus a person who contravenes a provincial or territorial law regarding taking or possession of wild animals and plants will not be able to evade prosecution simply by leaving the province or territory in which the offense occurred. Under the bill the person will be prosecuted any where in Canada, rather than only in the province or territory where the violation occurred. This provision is strongly supported by provincial and territorial conservation officers.

Since 1986 the federal government has been consulting with the provinces and territories regarding an appropriate division of federal, provincial and territorial roles and responsibilities for wildlife trade matters. Furthermore, the bill provides for a financial contribution of $12.3 million that will be made available through the Green Plan.

I must emphasize that the purpose of this bill is not to stop all trade in wild animals and plants. Rather, it is to protect endangered species from trade-related over exploitation, to prevent poached wildlife from becoming a part of that legitimate activity. There are many businesses in Canada that legitimately trade in wild animals and plants.

[*Translation*]

Special attention is also required in the case of species identified by the Convention as threatened with extinction. The proposed legislation prohibits possession of any of these species for the purposes of trafficking.

Trade in wild animals and plants is a complex activity. It is impossible for the bill to cover satisfactorily every single circumstance or situation that may arise. For instance, today more than 30,000 species and subspecies are controlled under the Convention I just mentioned. Other species will be covered by other regulations. However, the proposed legislation will be enforced so as to allow trade—this is an important point—in captively bred or artificially propagated endangered species to continue. This will ensure that the benefits these important conservation activities bring to endangered species are not compromised. This may not seem terribly important to you, but it is a matter we cannot afford to ignore if this legislation is to be effective.

The Convention clearly recognizes the importance of breeding in captivity and artificial propagation to ensure the survival of endangered species. This approach is reflected in the way the Convention has been implemented in Canada since it was introduced in 1975. We do not intend to change this approach, because if we did, we would undermine the objectives of the Convention and the bill itself.

Incidentally, private citizens also have an important role to play. The regulations to be drafted under this bill will be developed in close co-operation with people familiar with the species in question.

Environment Canada will urge all intervenors to take an active part in developing this legislation. I think we can expect the results of this exercise to be satisfying for all those who have a chance to participate. In the case of Bill C-42, the department also hopes there will be very broad participation by the general public.

This is a very important point. In fact, only by encouraging the broadest possible participation by the public will we be able to achieve our objectives. Let's face it: we will never have enough policemen to watch every bit of forest and every street corner. That is why we need public involvement.

The objectives of Bill C-42 are both admirable and necessary. Their implementation is adapted to the problem we are facing. We believe that the bill is logical, well-drafted, in line with accepted international procedure and the best legislation of its kind, as far as we are concerned. We believe that compliance and enforcement procedures will be effective, exhaustive and fair.

Our fauna and flora constitute a heritage shared by all citizens, not only of this country but of the entire planet. Canadians want to promote and protect the existence of wild animal and plant species in this country and help other countries, especially less developed countries, whose fauna and flora are endangered to a considerable degree. The passage of Bill C-42 will help ensure these objectives translate into action.

Our animals and plants are an integral and vital part of this country's heritage. Canada is one of the few countries in the world with large ecosystems that are still intact, and Canadians realize that effective measures are necessary to protect this heritage, in their own country and on the entire planet.

• (1640)

[*English*]

Honourable senators, Bill C-42 received a complete consultation that has resulted in strong support from other government agencies and from non-government organizations. The amendments recommended by the committee highlight the important role of the provinces and territories in the matters addressed by the bill.

In addition, all members of the committee supported the recommendation made by the public to increase the penalties in order to take the profit out of the poaching and smuggling of wild species. The maximum fines are now $150,000 for an individual convicted of an offence, and $300,000 for a corporation. These maximums are doubled upon a second offence.

[*Translation*]

Honourables senators, we are convinced that Bill C-42 will be another useful adjunct toward preserving and protecting this our valuable and diverse heritage.

Thank you, honourable senators.

[*English*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, both my colleague Senator Hays and I have a word or two to say about this bill which enacts this new federal legislation to deter poaching and illegal trade in animals and plants and their parts and products.

The Convention on International Trade and Endangered Species was ratified in 1975. As Senator Grimard says, there is a long history of consultation and discussion leading up to this bill.

I am advised that within our own country federal-provincial consultations on issues of fauna have gone on since 1982. The 1990 government Green Plan had a wildlife component calling for the introduction of "new legislation to attack poaching and illegal trading of wild animals and plants, and to strengthen wildlife law enforcement". That led to the introduction of Bill C-42.

The objectives of the bill are to protect Canada's wild animal and plant species from illegal trade, to protect Canada's ecosystems from the introduction of designated harmful species, and to help protect wild animal and plant species in foreign countries from poaching and smuggling. I understand that it is binding on the provinces. However, it will actually complement existing provincial and territorial legislation governing the trade in and transport of wild animals and plants.

As I believe it has been explained, its implementation will be a multi-agency endeavour involving five federal agencies, the provinces and the territories.

Its provisions have been explained by Senator Grimard, including the methods of enforcement. In summary, the importation into Canada of any animal or plant species that the person knew had been possessed, distributed or transported in violation of any foreign law would be prohibited. The idea is to ensure that Canada does not become a hiding place for persons escaping prosecution from the violation of another country's law.

There are provisions for permits governing transportation between provinces. A federal offence is created, as was explained by Senator Grimard.

This means that all those knowingly involved in the illegal trafficking of wild specimens would be liable to prosecution, specimens including botanical, biological or zoological specimens. Those involved would be required to keep certain records which will be prescribed by regulations. That will probably be one of the biggest ongoing aspects of this new legislation.

The enforcement can be facilitated by a provision in the bill which allows the minister to designate officers. Where persons are convicted of an offence, the convicting court, in addition to imposing any other punishment, can order that any animal or plant or proceeds realized from disposition be forfeited to the Crown.

The penalties are quite significant. With regard to an indictable offence, the offender would be liable to a fine not exceeding $100,000, or imprisonment for a term not exceeding five years. It looks like serious business and that the government has serious intentions in this area.

It also is in line with a trend developed over the last five to ten years of holding responsible persons who hold positions of responsibility in corporations that contravene legislation, or whose employees contravene legislation, in that they can be prosecuted. For some years, in combines cases, for example, officers of a company were not normally prosecuted. Just the company was prosecuted. The officers were referred to as what are called co-conspirators and were not actually accused. There is now a trend to clamp down on what in those days was called white collar criminality. Officers of companies have to take into account the possibility of personal criminal responsibility.

[Senator Frith.]

The only criticisms I have been able to find with the bill come from my good friend in the other place, the chairman of our policy committee on environment, Charles Caccia. After some examination, he has stated that he felt the parties should cooperate for speedy passage of this bill.

Mr. Caccia has pointed out that the title of the bill is misleading, in that it is trade oriented and not protection oriented as the title implies. In his opinion, it has no impact on the conservation and protection of endangered species domestically.

There is a need to develop and implement programs to restore the population of threatened and endangered species of flora and fauna to self-sustaining numbers, something which this bill does not address. It is not totally unrelated, but it does not pretend to deal with that problem except that it may seem to pretend to deal with it because of its title.

Mr. Caccia also hopes that the government will make enough funds available for the implementation of the bill because without those funds a lot of the good words that encourage us in the bill will remain just that, words.

I found that the NDP expressed support for the bill and indicated that it would cooperate for its quick passage. However, they felt that the scope of the bill should be enlarged to deal with endangered species and endangered spaces in Canada. They recommended that a parallel bill be introduced.

They also felt that the title of the bill is a bit misleading and recommended that it be changed to indicate that it is an act dealing with trade and not specifically with conservation and protection.

Comments from interested groups, however, have been favourable. Senator Grimard referred to the extensive consultation which took place concerning this bill. It is, perhaps, due to this extensive consultation that the comments from interested groups have been favourable because this consultation did take place prior to the introduction of the bill.

While all groups and the two opposition parties would like to see more done to conserve and protect endangered species, all agree that it is a good first step. Subject to what I hear from my colleague, Senator Hays, it seems to me that it should be supported as such, namely, a first step, while we urge the taking of the additional necessary steps.

● (1650)

Hon. Dan Hays: Honourable senators, I would like to add a few words to those of Senator Grimard and Senator Frith. They have covered the pros and cons of this legislation very well in their remarks. My comment is that this legislation should be dealt with expeditiously. It would be appropriate if the suggestion on the other side is followed and this matter is dealt with in the committee of the whole rather than spending time in the committee that it would normally go to, the one that I chair on Energy, the Environment and Natural Resources.

As the two senators who have spoken said, the Department of the Environment consulted other federal, provincial and territorial governments and agencies about the kinds of changes that should be made to the legislation dealing with trade in these objects, namely wildlife, animals and plants, as well as native, environmental and other affected nongovernmental organizations.

It is true, as Senator Frith has pointed out, however, that the legislation is not complete in terms of what it is that environmentalists want. On that point, I would like to spend a second on Canada's commitment to biodiversity.

At the Earth Summit earlier this year, Canada committed itself to preservation of endangered species, the halting or slowing down of loss of these species, when it agreed to ratify the Convention on Biodiversity. I understand that if it has not been done, it is to be done before the end of the year through executive action. I hope that matter will in due course come before Parliament.

I observe that the Energy committee has taken an interest in this. As recently as today, we received a report on the setting aside of lands as a predecessor report to the Earth Summit report, namely the Brundtland Commission, *Our Common Future*. This report said we should have as an objective setting aside some 12 per cent of our land area representative of the diverse ecosystems in the world. It calls for 12 per cent because this would ensure the preservation of at least 50 per cent of the species that we know, going back some reasonable period of time, continue to exist.

A good question was asked: Why would we care about that? I think it is worth asking. Who cares about endangered species? I would not have thought it would be a question one would have heard, but it is worth asking because we have to remind ourselves why it is important.

In the long-term view of things, we do not know the value of the various plant, animal or insect species that we have in the world today. It is a small concern in the world sense over eternity as we know it, but there are many things within that germ plasm that are important to us and important to how the world develops as an ecosystem.

We have heard about the discovery of new chemicals which have marvellous properties that will assist us, and to the extent that we do not care about that and we do not preserve that biodiversity, they are lost to us. An example in recent times of the importance of that biodiversity and preservation of different types of germ plasm are famines, the most famous being the one in Ireland. They became dependent on a particular type of food and concentrated production on a certain productive species of potato, which became susceptible to a certain disease. Some millions of lives were lost. That is a very small but very tragic example in the history of the world.

I would observe that today, we are doing that very thing with respect to animal species. We produce most of our chicken from two or three hybrid strains of chicken, whereas 50 years ago it would have been produced from 30 or 40 different strains. There is a tendency to forget about those strains. That is a domestic example. In terms of the wild, there are other examples which are dramatically larger.

The biodiversity in plants and animals is incomprehensible in terms of the number of different ways that these niches in nature are filled. They are all important. If we lose them, we lose something that takes eons to replace. It is extremely important.

It is appropriate to emphasize that the bill does not go very far. It is a little misleading. It is not a bill that protects endangered species in terms of their habitat. It deals with trade in wild animals and plants. In this respect, the Canadian Nature Federations' Coordinator of Conservation Programs has expressed the opinion that the name of the act is misleading. There are others who represent that constituency or those interests that have complained about the bill not going far enough.

In this respect, it is interesting to note that there are two private members' bills introduced in the other place which specifically address the issue of protecting the habitat of endangered species: Mr. Caccia's Bill C-209, which mainly addresses the protection of endangered and threatened species on federal lands, and Mr. Wenman's Bill C-303 which has a broader perspective in that it deals with the protection of both species and ecosystems considered endangered or threatened and is not necessarily limited to federal lands. Private members bills usually do not proceed far, but the fact of the matter is there is interest in the Parliament of Canada in advancing the objective of protecting not only the trade in these endangered species, which is important to evidence our commitment to the convention on biodiversity that we signed and ratified as a result of the Earth Summit, but also an indicator of our preparedness to go further, and this we must do.

The challenge is immense, because these lands within our own country, and certainly the world, are often privately held, and we will need to have a very strong political will to achieve our objectives in this area.

Honourable senators, this small but important step should be supported, and I am voting in favour of second reading of Bill C-42. I would suggest that if it is the government's position that it be dealt with expeditiously, that honourable senators should consider supporting that.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE OF THE WHOLE

The Hon. the Speaker pro tempore: When shall this bill be read the third time?

Senator Lynch-Staunton: Honourable senators, I move that this bill be referred to Committee of the Whole at our next sitting. Tomorrow morning, the Honourable Pauline Browes, the Minister of State (Environment), can be available at about 9.30 to appear before the committee, answer questions and give explanations.

On motion of Senator Lynch-Staunton, bill referred to Committee of the Whole for consideration at the next sitting of the Senate.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Before calling the next item, I thought I should give an outline of what can be expected over the next few hours.

I intend to call next the New Brunswick constitutional resolution. There will be a bell at 5:15 for the 5:30 vote. We will continue the debate on the resolution after the vote and adjourn at six o'clock to come back at eight o'clock when we will go into Committee of the Whole to hear Mr. Nicholson. We will then carry on with the New Brunswick constitutional resolution.

Since we are making such good progress, I suggest that we reconvene tomorrow morning at nine o'clock and carry through with our agenda at that time.

[*Translation*]

THE CONSTITUTION

AMENDMENT REFLECTING LINGUISTIC EQUALITY OF THE NEW BRUNSWICK—MOTION—DEBATE ADJOURNED

On the Order:

Hon. Jean-Maurice Simard, pursuant to notice of Monday, December 14, 1992, by the Honourable Lowell Murray, moved:

THAT WHEREAS section 43 of the Constitution Act, 1982, provides that an amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province to which the amendment applies;

NOW THEREFORE the Senate resolves that an amendment to the Constitution of Canada be authorized to be made by proclamation issued by His Excellency the Governor General under the Great Seal of Canada in accordance with the schedule hereto.

SCHEDULE

AMENDMENT TO THE CONSTITUTION OF CANADA

1. The *Constitution Act, 1982* is amended by adding thereto, immediately after section 16 thereof, the following section:

"16.1 (1) The English linguistic community and the French linguistic community in New Brunswick have equality of status and equal rights and privileges, including the right to distinct educational institutions and such distinct cultural institutions as are necessary for the preservation and promotion of those communities.

[Senator Lynch-Staunton.]

(2) The role of the legislature and government of New Brunswick to preserve and promote the status, rights and privileges referred to in subsection (1) is affirmed."

2. This Amendment may be cited as the *Constitution Amendment*, year of proclamation (*New Brunswick*).

Senator Simard: Honourable senators, before I start my speech, I would like the rule governing the length of this speech to be clarified.

I was informed yesterday evening (after I had prepared my notes) that I may have assumed wrongly and have in fact only fifteen minutes to make my speech while I had prepared for fourty.

Allow me to test the degree of tolerance of my friends opposite and request leave at this time, if at all possible, to speak for seven or eight minutes longer to finish my speech.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, if it is a matter of seven or eight minutes at the most, I would have no objection, although I must say that several senators on this side are anxious to speak. So, I would not want his speech to go on for a full 45 minutes because the rule provides for only 15.

Senator Simard: Honourable senators, it falls upon me to present to this House a motion on a proposed New Brunswick Constitution amendment. This amendment based on section 43 of the Constitution Act, 1982, is twofold, as you may have noticed.

First, it recognizes the right of the official languages communities of New Brunswick to distinct educational and cultural institutions.

Second, it reaffirms the role of the legislature and government of New Brunswick to preserve and promote the status, rights and privileges of the two linguistic communities.

Naturally, any constitutional action to protect and promote the rights and interests of the Acadian community deserves our full support and commitment.

Nevertheless, let me put a damper on this avalanche of good wishes and self-congratulation, because I think that this constitutional amendment, although meant to respond to the present reality of Acadians in New Brunswick, is unfortunately not all that promising for the future.

With a brief overview of the recent history of New Brunswick and of Bill 88 on equality, some provisions of which are to be enshrined in the Constitution today, I will be in a better position to explain to you why I do not plan to pop the champagne corks today, to use the phrase of a certain journalist.

Bill 88 recognizing the equality of the two official-language communities in New Brunswick was passed on July 17, 1981 by the government of the late Richard Hatfield, who was also one of our illustrious colleagues and whose unequivocal dedication to the Acadian cause was hailed by all as outstanding.

At that time, I had the honour to be a minister in that government and as such, I had the privilege of leading a raucous wide-ranging public debate on this issue. It was a hot issue, if there ever was one!

Why did we decide in 1981 to recognize in law the equality of the two official-language communities in New Brunswick?

Because the situation of Francophones in New Brunswick required us to do that, honourable senators.

The Acadian community had made tremendous progress since the equal opportunity program and the Official Languages Act passed by the government headed from 1960 to 1970 by our hon. colleague, Senator Robichaud.

It also had some high points under the Hatfield government, in particular the implementation of duality in the Department of Education, the creation of French-language community centres and schools, the promulgation of sections of the Official Languages Act which had not been proclaimed before and the creation of industrial commissions, among other things.

More self-confident, the Acadian community had started to acquire many separate institutions concerned with economic and social affairs, sports, the arts and municipal and industrial affairs, as well as culture and education.

In the fall of 1979, on the strength of this renewed dynamism, representatives of the Acadian community held a national policy convention in that fair city of Edmundston which I had the honour then to represent in the legislature and which I am proud to be able to continue to serve today as a senator.

The conclusion from those meetings was very clear: from then on, the Acadian community wanted to be treated on an equal footing with the English-speaking community.

The status quo no longer worked and the idea of an Acadian province was making progress. Some utopians even had the idea of making Acadia an independent country!

After this policy convention, I made a personal commitment on the national network of the French CBC to table a bill along the lines of Bill 88 in the next session of the Legislative Assembly, which was to begin in a few months.

Many sceptics doubted whether a Progressive Conservative government in New Brunswick could do such a thing. But we know what happened! That government went ahead along the lines I have described.

Some will even say that the reluctance of the then-leader of the Official Opposition and his lack of enthusiasm for giving unanimous support cost him his leadership position.

While the Liberal Party at that time took part in that spectacle, requests for meetings and speeches poured into my office from everywhere. I made more than 75 speeches that year and met with many groups in church halls, on television, in chambers of commerce, in social clubs, with student groups, etc. Those people asked for even more than the law which finally passed. It was their right to ask for more!

On the other hand, a number of anglophones, who are probably with the COR party today, said the legislation was unnecessary, went too far, was a waste of public funds, was divisive and would create ghettos. We know now that was not the case, and all those Doomsday scenarios died on the order paper. In fact, the bill was adopted unanimously, since the Official Opposition finally gave in when faced with public support for the bill.

In the fall of 1982, the Hatfield government was reelected for a fourth consecutive term a first in the history of New Brunswick with the biggest majority in 35 years!

It proves that when a government sticks to its guns, takes action that is courageous, enlightened and visionary and explains why, it will enjoy popular support because it is responding to the real needs of its citizens.

There are people who still argue that the Hatfield government's defeat in 1987 was mainly caused by its involvement on the language front. I disagree. The Hatfield government was defeated in 1987, just as the Robichaud government was in 1970, in my opinion, because of the inevitable consequences of being in power for such a long time and because of a perceived lack of ideas.

The Acadian people, represented by about 50 cultural, educational, municipal, professional associations, both national and regional, formally requested that all elements of the equality legislation be entrenched in the Constitution.

Recently, Ms. Weir, Leader of the New Democratic Party, admitted it took her party seven years to approve the legislation; the party leader requested full entrenchment and in April 1992, introduced a motion to that effect, seconded by the only Conservative MPP, Jean Gauvin. Unfortunately, the motion could not be passed on procedural grounds, since the subject matter had been debated previously during the same session.

My point is, honourable senators and I said so a few moments ago, that there was tremendous unanimity among Acadians. On fundamental issues, Acadians close ranks and speak with one voice, an apt illustration of the Acadian motto adopted during the policy convention of 1884: «*L'union fait la force*».

The public, generally assumed to be indifferent to this kind of issues, came out clearly and massively in favour of the Charlottetown Accord in the referendum. There is absolutely no doubt that Acadians massively supported the accord because they firmly believed that all elements of the equality bill would be entrenched in the Constitution. Unfortunately, they were wrong.

So much for the high drama around the bill recognizing the equality of both official language communities in New Brunswick.

The principle of equal status, as we understood it at the time, was intended to cover not only education and culture, but also the social and economic spheres.

In 1981 we said that the survival of Acadians in New Brunswick was guaranteed thanks to the passage of this bill. It

was now on the provincial statutes. It was time to go on to the next stage: implementation.

Implementation, of course, could not be limited to educational institutions. Acadia was in a state of effervescence. It wanted to control its own affairs. It wanted to diversify its skills.

We had to realize that the Acadian question was no longer restricted to education. It was breaking through in the cultural, social and economic sectors as well.

As you may have noticed, honourable senators, there is no reference to the economic or social sectors in the constitutional amendment we are debating today.

At the time, aware of the fact that legislation was needed to clearly identify a set of principles, while providing specific measures aimed at fleshing out those principles, we added section 3, which states three ways in which future governments could provide for this equality.

It says specifically that The Government of New Brunswick, through the legislative measures it proposes, the distribution of public resources and through its policies and programs takes positive steps to promote the cultural, economic, educational and social development of official languages communities.

Again, as you can see, nothing in the constitutional amendment we are discussing today, which was sent to the House of Commons by the New Brunswick legislature, reflects the legislature's intent, which was nevertheless adopted unanimously in July 1991.

You will understand, honourable senators, why I most emphatically disagree with those who claim, as was reported in the media, that this is the entrenchment of the entire equality bill.

Quite the opposite! There is a frightening gulf between the two philosophies; on one side, we have the vision in Bill 88 which reflected our time, the new challenges faced by New Brunswick and the rest of the country and the many interests in the flourishing Acadian community, and on the other side, we have the shriveled, cut back and rigid constitutional amendment the McKenna government so meanly proposed.

The future generations could be the victims of this frightening gulf and they will fail to understand, with good reason, why we did not plan other ways to solve the problems they will have to live with.

Honourable senators, nothing in the amendment resolution before us will require future provincial governments to create in such sensitive areas new institutions which could take into consideration the regional differences always found in the Acadian regions of New Brunswick.

Moreover, the differences were studied and confirmed by an economist, André Leclerc, also a teacher at the Centre universitaire Saint-Louis-Maillet, in Edmundston, and a member of the research group called Acadie contemporaine, which, in its research report dated June 1991, said, and I quote:

[Senator Simard.]

> The considerable short-term instability of the economy in the Acadian regions of New Brunswick is obvious when we study its capability to adjust to changes in the economic environment. We have shown that, compared to two other economies (those of New Brunswick and Canada), the cyclic element was responsible for a higher proportion of average year-to-year variations of the percentage of the GDP in those Acadian regions. Many of the economic problems encountered in those areas come from their lesser capability to adjust to permanent changes in the economic environment.

Honourable senators, we all know that globalization, world industrial restructuring and technological change are having an impact on the rules of the game. This could increase the differences between the French and the English communities in New Brunswick. That is why, in our view, the New Brunswick legislature has abandoned the Acadian people.

Honourable senators, it is also quite clear, and you are now in a position to understand the remarks made by the minister of Justice, who in order to reassure New Brunswick anglophones, confirmed to us and it is in the notes which I have at and, that it is not Bill 88, that we are not enshrining it.

Honourable senators, if you read the constitutional resolution, it becomes clear that the burden of proof as related to the right to distinct cultural institutions mentioned in the resolution will rest, according to the minister of Justice, with Acadians who wish to avail themselves of this right to distinct cultural institutions. According to Mr. Blanchard, the jurisprudence is such that, unless these institutions can be affiliated with schools, the provincial government would not be required to establish the cultural institutions to promote the Acadian community.

Honourable senators, we all know that societies are developing. Changes occur. Our society is changing constantly, and I felt the government, the legislature, the Parliament had to recognize that the government of New Brunswick has the obligation to create institutions which could prove essential in the future.

The constitutional vision of language that the New Brunswick government is proposing through its leader is shortsighted. It simply follows the already restricted outlines of the present language status quo in New Brunswick.

But we all know that governments are getting out of everything, that privatization is everywhere, that partnerships are being created, that bigger responsibilities are being transferred to smaller authorities.

In this context of a changing world, what would happen to these language rights if the provincial government responsibility for education or for whatever was to be directly transferred to private interests? My question is not far fetched at all. We

are all aware that these are new concepts that we can no longer ignore.

In the public sector, we are already thinking about privatizing the highways. We recently did it with airports.

We certainly cannot predict the future, but governments must see far ahead. That is, I think, one of the essential responsibilities that we must assume as senators.

In the 1970's, guided by the vision which eventually led to the adoption of the equality act, the Hatfield government had established the regional industrial commissions.

Until then, in New Brunswick, governments had always been in favor of the economic development of the famous Fredericton-Saint-John-Moncton triangle on the grounds that the whole province would benefit from the "economic spin-offs" resulting from this concerted and focussed development.

Our government wanted to change that approach. We undertook to emphasize regional development from the grass roots. In order to do that, we put in place a network of industrial commissions.

Nothing in this amendment protects the Acadian community against a possible abolition of its distinct and so important institutions! Nothing precludes such abuse of power against the Acadians, by a future, insensitive provincial government opposed to the aspirations of the French-speaking community. Because industrial commissions, by their very nature, are neither educational nor cultural, they would not be protected by this resolution.

What about the health sector? Statistics and reports have demonstrated that there is a very wide gap between the situation in Acadia and that in the English-speaking areas. The present provincial government has been trying hard these last few years, and we should give it credit for that. But, what would happen if a CoR government was to come into office in the absence of any constitutional protection for this sector.

As to the social sector, to what extent is this constitutional amendment going to keep the present provincial government and its successors to their obligation to preserve and promote, through partial funding, institutions like the community radio network, the Acadian Games, theatre companies, to name only a few?

How could it prevent an eventual CoR government to abolish the endowment fund of our only French language daily, the *Acadie Nouvelle*, as that party threatens to do if it is ever called to form a government?

Finally, what can we learn from the history of the act recognizing the equality of the two language communities in New Brunswick?

What should we learn from that, we, the Acadians, the ordinary citizens, the political activists, and the leaders of sectoral or national organizations?

Honourable senators, for several of us the motion we are debating today is, as some people put it, more or less of a fraud against the Acadian people. Nevertheless, it is a little bit better than nothing and we should support it in spite of all its shortcomings. I think that the situation must be denounced. This is not the time for some bell ringing. I believe it is not the time making a lot of noise.

We must remember that, contrary to what some might think, the people's memory is tremendous and they know how to recognize and support the efforts of a courageous and far-sighted government. But people also remember those governments who will not help them.

Also, we must remember that, if they want to ensure their development and protect their rights, the Acadian people need national institutions that are strong and solid and that can put their claims through.

We must also remember that Acadian me and women must engage in political action and take their own place in all of the New Brunswick political groups who protect the interests of the Acadian community and who might one day come to power.

This debate also brings us to another conclusion. Once inside those political groups, Acadians will have to fight relentlessly with patience and determination. They will have to voice their opposition, if need be, whatever preconceived ideas their party leaders might have and whatever the majority might think and they will have to be prepared to leave their parties if they ever find themselves trapped with strategies or an equality concept that do not take into account the true aspirations of francophones.

The recent political history of New Brunswick, and particularly the history of the Parti acadien, has shown us how hard it is to create a separatist party. But it did not stop the English-speaking people of New Brunswick, who oppose bilingualism, from assembling and founding the Confederation of Regions Party —

• (1720)

[*English*]

The Hon. the Speaker *pro tempore:* Honourable senators, I must point out that, pursuant to rule 67(3), at 5:15 proceedings must be interrupted and the bell sounded for the division which takes place at 5:30.

I am in the Senate's hands. The rule is quite clear.

Senator Gigantès: Give him two minutes to finish.

[*Translation*]

Hon. Eymard Corbin: Honourable senators, sound the bell, I will tell you why later.

Senator Simard: Is the senator objecting to my going on at this time?

Senator Corbin: I only ask that we abide by the rules.

Senator Simard: The *Debates of the Senate* will show that an Acadian from New Brunswick prevented me from finishing my speech.

[*English*]

The Hon. the Speaker *pro tempore:* Ring the bell, please.

PATENT ACT AMENDMENT BILL, 1992

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Beaulieu, seconded by the Honourable Senator Comeau, for the second reading of Bill C-91, to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters.

The Hon. the Speaker *pro tempore:* Honourable senators, it was moved by the Honourable Senator Beaulieu, seconded by the Honourable Senator Comeau, that this bill be read the second time.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore:* Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore:* Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore:* In my opinion, the "yeas" have it.

And two honourable senators having risen.

The Hon. the Speaker *pro tempore:* Please call in the senators.

Motion agreed to and bill read second time on the following division:

YEAS

THE HONOURABLE SENATORS

Atkins,	Comeau
Barootes	Di Nino
Beaudoin	Doody
Beaulieu	Doyle
Berntson	Eyton
Bolduc	Grimard
Carney	Kelleher,
Chaput-Rolland	Kelly
Cochrane	Keon
Cogger	Kinsella

[Senator Simard.]

YEAS

THE HONOURABLE SENATORS

Lavoie-Roux	Poitras
Lynch-Staunton	Robertson
MacDonald (*Halifax*)	Ross
Macquarrie	Rossiter
Marshall	Simard
Murray	Spivak
Nurgitz	Sylvain
Oliver	Twinn—37
Phillips	

NAYS

THE HONOURABLE SENATORS

Adams	Kenny
Austin	Kirby
Bonnell	Lewis
Bosa	MacEachen
Cools	Marchand
Corbin	Molgat
Davey	Perrault
Fairbairn	Petten
Frith	Riel
Gigantès	Rizzuto
Graham	Robichaud
Hays	Stewart
Hébert	Stollery—26

ABSTENTIONS

THE HONOURABLE SENATORS

NIL

[*Translation*]

REFERRED TO COMMITTEE

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

Hon. Mario Beaulieu: I move that this bill be deferred to the Standing Committee on Banking, Trade and Commerce.

Hon. Philippe D. Gigantes: Honourable senators, I do not understand the word "deferred". What do you mean by "deferred"? What are we going to do?

The Hon. the Speaker *pro tempore:* Honourable senators, I used the term "deferred" as it is written here. I shall make inquiries to see if the exact word should be "deferred" or "referred".

Motion agreed to and bill referred to the Standing Committee on Banking, Trade and Commerce.

THE CONSTITUTION

AMENDMENT REFLECTING LINGUISTIC EQUALITY OF NEW BRUNSWICK—MOTION—DATE CONTINUED

On the Order:

Hon. Jean-Maurice Simard, pursuant to notice of Monday, December 14, 1992, by the Honourable Lowell Murray, moved:

THAT WHEREAS section 43 of the Constitution Act, 1982, provides that an amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province to which the amendment applies;

NOW THEREFORE the Senate resolves that an amendment to the Constitution of Canada be authorized to be made by proclamation issued by His Excellency the Governor under the Great Seal of Canada in accordance with the schedule hereto.

SCHEDULE

AMENDMENT TO THE CONSTITUTION OF CANADA

1. The *Constitution Act, 1982* is amended by adding thereto, immediately after section 16 thereof, the following section:

"16.1(1) The English linguistic community and the French linguistic community in New Brunswick have equality of status and equal rights and privileges, including the right to distinct educational institutions and such distinct cultural institutions as are necessary for the preservation and promotion of those communities.

(2) The role of the legislature and government of New Brunswich to preserve and promote the status, rights and privileges referred to in subsection (1) is affirmed."

2. This Amendment may be cited as the *Constitution Amendment*, year of proclamation (*New Brunswick*).

Hon. Jean-Maurice Simard: Honourable senators, I just need a few more minutes. When this debate was interrupted a few moments ago before the vote, I was saying that, in Fredericton, there is a political party which forms the official opposition. That party got eight members elected.

[*English*]

Hon. M. Lorne Bonnell: On a point of order, honourable senators, many times I have heard our French colleagues say that they would like the bilingual translation. I cannot understand one word being said by my friend Senator Simard. So I would like to get some translation before we proceed any further in this debate.

The Hon. the Speaker *pro tempore:* It would appear that the translation is not working. With honourable senators agreement we will wait until the translation is operative so that all honourable senators will be able to hear what is being said. So if somebody at the Table will inform me when the translation is working, we will proceed.

[*Translation*]

Senator Simard: Honourable senators, I was saying that the official opposition in Fredericton is made up of people who are fiercely opposed to official bilingualism and the law on the equality of the language communities. That party really thinks it will form the next government. This explains the keen desire of the Acadian community to protect itself and have all its rights protected in this measure to enshrine the whole law on the equality of the language communities.

We all know, as New Brunswick's recent political history shows, that an independence party had little chance of success. The political scientist Roger Ouellette remind us of that when he went over the history of that provincial party and analyzed the reasons for its disappearance.

A few moments ago, I asked Acadians, especially young people, to join the political party of their choice, just as political scientist Roger Ouellette wrote in his recent book:

> It is definitely in the interest of Acadians to put their eggs in different baskets.

Today, in my opinion and in the opinion of Roger Ouellette and others:

> The Acadian community sees its field of political action provincially limited to a victorious Liberal Party, to a moribund Conservative Party led by Dennis Cochraneand to a New Democratic Party in search of electoral credibility.

Finally, for Mr. Ouellette it is in the Acadian community's interest not to put all its eggs in the same basket. It must continue to benefit from the traditional parties —

I therefore call on all citizens of New Brunswick, and especially the youth, to work in the political party of their choice, the one they think best suited to provide worthwhile alternatives both in Fredericton and in Ottawa.

I think that is the only way we will be able to reach this ideal of a vibrant, politically involved Acadia that is better protected, more self-confident and fully occupied with its own development.

Today, it is a comedown for me to support the disappointing amendment before us and I do so unenthusiastically and even.

I also support it because I refuse to go along with those who prefer to wait for a better resolution or those who reject outright any linguistic protection, even weakened like the one today, for others.

I had hoped for full entrenchment of the provincial legislation, but I have to support the only resolution submitted to the

Canadian Parliament by the New Brunswick government and the provincial legislature.

Time will tell. I hope Acadians will not have to pay too much for this narrow-mindedness.

Finally, I wish all Acadians and New Brunswickers will join me and continue to fight for entrenchment of the rights included in the Act recognizing the Equality of the two Official linguistic Communities in New Brunswick.

This challenge is as urgent and vital as always to Acadians.

Thank you.

Hon. Senators: Hear, hear.

Hon. Louis J. Robichaud: Honourable senators, if I were just starting in politics, I might want to respond to everything we just heard. I am not pleased at all with what I have just heard. To me, the resolution proposed by the government of New Brunswick and the government of Canada is sacred. I do not appreciate it when people combine petty politics with something sacred!

I do not want to dignify this with an answer! It is unwarranted and awful to say, for example, that Acadians are being cheated by this resolution! I support the resolution and I will tell you why. I leave it to my colleagues to answer to the diatribe we just heard.

The resolution submitted today to the Upper House for ratification is the logical result of a whole series of events I was involved with. I am a Parliamentarian, an Acadian and a New Brunswicker, and these are three good reasons to support a constitutional resolution entrenching the linguistic and cultural rights we have so dearly won and always stood up for.

I enthusiastically and wholeheartedly support this resolution.

I am pleased that the principles of New Brunswick Bill 88 will be entrenched in the Constitution, since this will officially recognize the Acadian people.

[*English*]

The adoption of this resolution by the Senate of Canada and soon, one hopes, by the other house, is a matter of historical importance not only to the people of New Brunswick, but to all Canadians. The principles of linguistic and cultural equality embodied in this resolution truly reflect the degree of political maturity that has evolved over the centuries in my native province. I say "maturity" deliberately.

It has often been said that because of its linguistic and cultural makeup, New Brunswick is a microcosm of Canada. I believe that this resolution faithfully reflects that historical reality.

The sometimes raucous objections which are heard against the entrenchments of the principles of linguistic and cultural equality are the same that were voiced in 1968 when, as Premier of New Brunswick, I introduced an official languages act in the Legislative Assembly. Appropriately enough, that act was entitled, "Language Equality and Opportunity in New Brunswick".

Those objections are as groundless now as they were then. When tabling that legislation I said:

> The objective of the Government of the Province of New Brunswick is to develop meaningful linguistic and cultural equality of opportunity in the public life of the Province.

My successors as premiers have built upon this objective. This resolution is, therefore, the culmination of a process democratically begun long ago, and which has the added democratic benefit of having been overwhelmingly ratified in a referendum on October 26.

[*Translation*]

Honourable senators, aware of the historic significance of the moment, I reread the statement I made in the New Brunswick legislature in 1968 when I tabled our official languages bill.

I said at the time, and I quote:

> The objective of the Government of the Province of New Brunswick is to develop meaningful linguistic and cultural equality of opportunity in the public life of the province.

I can say today that my successors as premier have maintained that objective and that the resolution before us today reflects the same spirit of tolerance and fairness.

Much has happened in 24 years. At the time I said, and I think that still applies today, and I quote:

> The citizens of New Brunswick, all citizens of one Canada, do not all come from the same stock. Our respective ancestors include the Loyalists who sought refuge from the misfortunes of war; French survivors of forced exile; immigrants fromT other continents and, since time immemorial, the aboriginal people, the Amerindians.

And my quote goes on:

> The population of New Brunswick is a particularly accurate reflection of the Canadian mosaic. That is why this is a unique opportunity to implement, in our relations with each other, the magnificent goal our country has set itself: to provide equal opportunities for achieving our cultural and linguistic potential.

The resolution we are being asked to approve enshrines an historic fact. Unlike those who, disenchanted with the present, let the past cloud their vision of the future, I, like my fellow Acadians, believe we are right to see the constitutional entrenchment of the principles and responsibilities of linguistic and cultural equality as a guarantee for the future of New Brunswick and its two cultures and linguistic groups.

Far from being divisive, this resolution received massive support from my fellow citizens on October 26, was the culmination of centuries of persistent and I may add lawful efforts, and is one more reason for the people of New Brunswick to be proud of their long tradition of mutual respect.

This morning, I read an editorial in the *Montreal Gazette* which I thought was excellent, and I would like to have this editorial read into the record. With your leave, I will quote the editorial because it really takes the words right out of my mouth. I could have written it myself! Perhaps not, because it is really well written. Honourable senators, do I have your leave to read it?

Hon. Royce Frith: Of course, Senator.

Senator Robichaud: Thank you.

[*English*]

It is from the December 16 edition of the *Gazette* of Montreal and is entitled, "Bloc kicks Quebec's cousins". It reads:

> In history's long annals of human stupidity, it may not rank in the Top 10. But the Bloc Québécois made the list of finalists for 1992 when it blocked a constitutional amendment to help New Brunswick's francophones.
>
> There are suggestions that the BQ is guilty of procedural incompetence rather than of malice. But the effect was the same. The amendment is now delayed until (at least) Feb. 1, which gives its opponents time to sour public opinion. At the very least, this delay will envenom the climate surrounding this admirable measure.
>
> The amendment is to entrench the equality of New Brunswick's French-speaking and English-speaking communities. It is wholly in the spirit of confederation. It is also wholly within the legal power of the governments of Canada and of New Brunswick to pass; no other province need be consulted, because no other province is affected.

• (1800)

> But a constellation of mean minds is gathering to oppose the amendment. Some claim ostensibly noble motives. Lawyer Deborah Coyne speaks for those who somehow think this amendment should not go through because a) a singular clause was part of the Charlottetown accord which the voters rejected, and b) it would go against the supposedly sacred principle of treating all provinces alike. These arguments are ludicrously weak because a) New Brunswick's voters said Yes to Charlottetown, and b) the constitution has never treated all provinces alike; it has always recognized provincial differences.
>
> But beyond the constitutional fundamentalists, there is another group of people who, fairly obviously, just oppose French rights. In New Brunswick, their standard-bearer is the Confederation of Regions Party, CoR, the official opposition in the legislature. It is launching a publicity campaign to kill the amendment. In that troubled context, the amendment came before the Commons on Friday, the last day before the House rose, for passage.
>
> Every major party supported it. Politician after politician rose to speak movingly of the national commitment to language rights. There were, however, three anglo obstructionists: independent MPs Alex Kindy and Patrick Nowlan, and Reform Party MP Deborah Grey. They alone, however, could not block passage.
>
> Then, to everyone's astonishment, the Bloc blocked it. By adding the votes of its two members present to the three anglos, the Bloc forced a recorded vote—and recorded votes are not taken on Friday. So the amendment is postponed, and the critics have an extra month and a half to whip up prejudice and resentment.
>
> It is absolutely shameful. The Bloc, dedicated to the promotion of French Quebec, could not spare a kindly vote for Quebecers' Acadian cousins. If the political sands shift and this amendment runs into trouble, Lucien Bouchard's boys will carry a heavy burden of guilt.

That is the end of the editorial, and it is also the end of my remarks. I was very sincere, and I did not inject an ounce of politics into it.

Hon. James W. Ross: Honourable senators, when I was a student at UNB in Fredericton between 1960 and 1970, I used to go down to the legislative assembly with fellow students and watch in admiration as Premier Robichaud used his oratorical skills. I am delighted to see he has not lost any of those skills since those years.

Hon. Senators: Hear, hear!

Senator Ross: Honourable senators, the proposed bilateral amendment to our constitution which we are considering today is doubly important to me: First, as a senator of Canada, and second, as a resident of the good province of New Brunswick.

My support for this resolution is based upon my belief that the healthy coexistence of our two linguistic communities depends on a basic sense of respect and confidence. Unless both communities are secure in the knowledge that their culture is fundamentally strong and vibrant, it is very difficult for the two communities to interact in a way that is healthy and positive.

The Hon. the Speaker *pro tempore:* Order, please. According to the rules, at 6 o'clock the Speaker leaves the chair until 8 o'clock this evening. I am not aware that there is any agreement to the contrary. That being the case, I would leave the chair until 8 o'clock this evening.

Senator Murray: I think we are agreed not to see the clock for another few minutes, honourable senators.

Senator Ross: Honourable senators, this bilateral amendment will become a major contribution to the evolution of our

uniquely Canadian approach to peacefully resolving our cultural and linguistic differences.

As a citizen of New Brunswick, I can tell you that I feel very proud of my province, but I feel particularly proud of the relationship between our two linguistic communities and the example we set for the rest of the country, an example of two linguistic groups respecting and appreciating their differences and involved in a continuing search for harmony based on self confidence and an openness to others.

While we have our naysayers and even our share of bigotry, what is important is that an overwhelming majority of New Brunswickers believe in the continual evolution of our provincial community towards the harmonious existence of our French and English citizenry.

New Brunswickers, like most Canadians, are committed to the ideal that says our country and our province are richer for the variety of the cultures we embrace. I believe this diversity is something we should celebrate, and, because it is so valuable, something we must be prepared to protect and nurture and support.

In that spirit, as a New Brunswicker, I am mindful of the strong multi-partisan effort by many in my province to pursue this ideal. Perhaps the mention of a few will represent the many.

All of us owe a great deal to the visionary and determined work of our colleague Senator Jean-Maurice Simard. It was Senator Simard's initial efforts to recognize the equality of both the French and English speaking communities that laid the foundation for the legislation which we are being asked to guarantee today.

Honourable senators, this progress towards equality and dignity for New Brunswick's English and French communities is the evolution of a dream to reality, an evolution that was truly personified by two great New Brunswickers. I am speaking of the former premier and our colleague Senator Louis Robichaud, and the late premier and senator, Richard Hatfield. Both leaders—one French, one English; one Liberal, one Conservative—stood in the forefront of New Brunswick's noble efforts to enact provincial laws affirming the principles of equality for both founding cultures and languages. Today we are asked to advance their work by entrenching the guarantee of those laws in the Canadian Charter of Rights and freedoms.

Opponents of this amendment claim there is no legal ground to support its passage. They claim since the amendment was part of the Meech Lake accord in 1990 and part of the Charlottetown agreement this year, it should be set aside. However, under our constitutional law, a province desiring a constitutional change affecting only itself needs only the approval of its own provincial legislature and this Parliament.

The Legislative Assembly of New Brunswick has done its part; now I believe it is time to do ours.

[Senator Ross.]

With regard to the recent referendum on the Charlottetown agreement, I should also remind opponents of this amendment that the good people of New Brunswick voted 61 per cent favour of the agreement.

Legally and politically, the road is clear to entrench the will of the people of New Brunswick in the Canadian Charter of Rights and Freedoms.

What will this accomplish? There are some who complain that this will create divisions between French and English linguistic communities of the province; this will require duplication of public services; private businesses and organizations will be required to have half of their staff English speaking and half French speaking.

As with much legislation, the misinformation surrounding this amendment is in direct proportion to the inherent benefit for its recipients. As this amendment does have great benefit for New Brunswick, the erroneous notions and misinformed arguments against it are considerable as well.

Simply put, the amendment will guarantee for future generations laws that are already on the books, laws which recognize the existence and equality of the province's two official linguistic communities and which provide them with the means of protecting and preserving themselves through distinct schools and cultural organizations. Therefore, rather than being divisive, the amendment in fact seems to include both English and French speaking citizens as equal citizens, not as separate citizens.

Moreover, this amendment becomes an instrument of positive social change. By minimizing the threat to each culture, we maximize the opportunity for both cultures to learn from one another by sharing their ways of thinking and by participating in their ways of living. This is why the amendment is so very vital.

Initially, by providing the means for both languages and cultures to survive and grow, it builds confidence amongst French and English speaking people. In turn, that very confidence increases the tolerance both communities have for each other and allows them to live and work together with growing strength, pride and harmony.

As to the duplication of public services, again there is misunderstanding. All the amendment means is that whether you are French or English speaking, you are guaranteed to receive public service in your own language. It means that departments and agencies provide public services in both languages—one system, two languages—just as they do now and have been doing for many years.

One other point I would like to address, honourable senators, is how this amendment affects private business and organizations. As a New Brunswick businessman, I am very comfortable, frankly, with the proposed amendment. The amendment guarantees French or English speaking services, but only at the government level. If it makes economic sense to provide bilingual services, perhaps some business will

become more bilingual, but there is no law that says they have to.

In the broadest political terms, this amendment deepens and solidifies the partnership between English and French speaking people in New Brunswick. By passing this amendment, we enable our future generations to evolve towards that vibrant culturally-diverse yet mutually supportive society that our predecessors worked so hard for and which can become the envy of the world.

As we consider the inability of diverse communities in other countries to live together amicably, we can see how very fortunate we are, for we are able to transcend these differences and convert them to strengths for our future generations to build on, just as we are doing today. That has always been our dream in New Brunswick, and indeed, honourable senators, I believe in all of Canada.

I believe that this amendment is another step in pursuit of that dream. It may not bring us total perfection, it may not bring us absolute equality, but it does bring us closer to these traditional ideals and values of tolerance and harmony, which I believe ordinary New Brunswickers and Canadians everywhere would have their government pursue.

On motion of Senator Corbin, debate adjourned.

The Hon. the Speaker *pro tempore:* It being 6 o'clock, I will leave the chair until 8 o'clock.

The Senate adjourned during pleasure.

At 8 p.m. the sitting of the Senate was resumed.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Mr. Speaker, I propose that we now move to Committee of the Whole to hear from Mr. Nicholson and consider the bill concerning the Nova Scotia —

Hon. Eymard G. Corbin: I would like to inquire, on a point of order, as to what we are now about to do.

Hon. Lowell Murray (Leader of the Government): We are going into Committee of the Whole to hear the Parliamentary Secretary to the Minister of Justice explain the bill which merges the courts in Nova Scotia.

Senator Corbin: And what will be the topic after that?

Senator Murray: We intend to proceed to the New Brunswick constitutional resolution, but I am not certain that that will be done immediately after the Nova Scotia court bill.

Senator Lynch-Staunton: There may be a report from the National Finance committee, but certainly this evening we will proceed, as expeditiously as possible, to the New Brunswick constitutional resolution.

Senator Corbin: I was left with the impression that we would resume the debate on the New Brunswick constitutional resolution at eight, but I will accommodate you.

Senator Lynch-Staunton: Senator, perhaps you were not here, but I did say before the adjournment that our agenda was to go first to Committee of the Whole to hear Mr. Nicholson and then to go to the New Brunswick resolution. I understand that the National Finance committee will have a report to give us, but that will be strictly the tabling of the report. There will be no debate.

ORDERS OF THE DAY

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators, that the Senate resolve itself into Committee of the Whole?

Hon. Senators: Agreed.

Motion agreed to.

NOVA SCOTIA COURTS AMENDMENT BILL, 1992

BILL TO AMEND—CONSIDERATION IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into Committee of the Whole on Bill C-96, to amend the Judges Act and other Acts to give effect to the reconstitution of the course in Nova Scotia, the Honourable Senator Nurgitz in the chair.

Pursuant to rule 21 of the Rules of the Senate, the Honourable Robert D. Nicholson, Parliamentary Secretary to the Minister of Justice and Attorney General of Canada, was escorted to a seat in the Senate chamber.

Senator Murray: Mr. Chairman, members of the committee, I have the pleasure of introducing the Parliamentary Secretary to the Minister of Justice and Attorney General of Canada, Mr. Rob Nicholson, MP. Mr. Nicholson has been the member of Parliament for Niagara Falls since 1984, and has been the Parliamentary Secretary to Ms Campbell since 1989.

This bill, as honourable senators are aware, relates to the merging of the courts in Nova Scotia. Mr. Nicholson is not a member of the Nova Scotia bar but he is a lawyer and, what is more, I want to assure our friends and colleagues from Nova Scotia that Mr. Nicholson has very strong roots in that province, both of his parents being from Cape Breton. He has numerous relatives there whom I shall not mention for fear of excluding some or embarrassing others.

Mr. Nicholson has a brief statement to make after which he will be happy to answer questions of honourable senators. He is accompanied by Mr. Andy Watt, General Counsel from the Judicial Affairs Unit of the Department of Justice.

Mr. Rob Nicholson, Parliamentary Secretary to the Minister of Justice and Attorney General of Canada: Thank you very much, Senator Murray. Mr. Chairman, this bill is consequential upon an amendment that was made by the province of Nova Scotia and enacted on June 30, 1992, which

effectively abolishes the last County Court in Canada and combines the County Court into a new Supreme Court of Nova Scotia, which handles trials within that province. As well there was a Nova Scotia Court of Appeal. In effect, where there were three different branches of superior court judges, we now have two. It is believed by the province of Nova Scotia that this will facilitate the administration of justice in that province. I believe that Nova Scotia is the last province in Canada to make these changes.

Basically, what you have before you is a technical bill. Most of the clauses eliminate any reference to "County Court" in federal legislation. Clauses 29 through to 66 do just that. They clean up federal statutes to take into consideration this as well as previous bills that have been passed along these lines.

Those are my opening comments, Mr. Chairman.

The Chairman: Thank you very much Mr. Nicholson. Honourable senators, shall the title be postponed?

Hon. Senators: Agreed.

The Chairman: Shall clause 1, the short title, be postponed?

Hon. Senators: Agreed.

The Chairman: I take it that there are questions on clause 2.

Senator Frith: Mr. Nicholson, you said, perhaps just casually, that this "effectively" ends County Courts in Canada. That might imply that it did not completely end them and that there are some left. Are there?

Mr. Nicholson: No, there are none to my knowledge.

Senator Frith: You meant "effectively" in the real sense of it, not in that "more or less" sense in which some people use it.

In your opinion and that of your department, has what we might call unification of the high courts—supreme courts, county courts and district courts—been a success across Canada in the jurisdictions other than Nova Scotia?

Mr. Nicholson: As far as we know, senator. The reports that we have are favourable, not only from the points of view of the provinces and the attorneys general, but from the bars in those provinces as well.

Senator Frith: There are no objections? It is not common for people to be objecting to the department about the operation? I know that the administration of justice is in the hands of the provinces. The judges are all still section 96 judges appointed by the federal Crown.

Mr. Nicholson: We do not know of any problems.

Senator Frith: Does that go for the judges too? I remember that in our province, yours and mine, there was originally a bit of resistance. At least the word was that there was some resistance to unification from the high court judges. I have not heard anything of that since.

Mr. Nicholson: I have not heard anything since either, senator.

Senator Frith: Was Ontario's the immediately previous unification?

Mr. Nicholson: In 1990 Ontario combined its courts.

Senator Frith: Are there any differences between the unification legislation that is before us applying to Nova Scotia and the systems established in the other provinces for unification?

Mr. Nicholson: I am informed by the official with me that, in 1990, when we passed similar legislation applying to the province of Ontario, we forgot to grandfather the rights of a county court judge to retire at the age of 70.

Senator Frith: Is that the supernumerary provision?

Mr. Nicholson: Not exactly, no. Before 1987, county judges had the right to retire at the age of 70, in British Columbia and Ontario. That was changed.

Senator Frith: This is not supernumerary. They had the right to actually retire at the age of 70.

Mr. Nicholson: Yes. That was changed and the age was raised, but for all those appointed before 1987, their right to retire at the age of 70 was grandfathered and that is included in this legislation.

Senator Frith: There are two principal things we like to do in committee. We are dealing with this in committee of the whole. In our standing committee we try to make a detailed analysis of legislation in order to ensure that there are no inconsistencies or oversights. The other thing we like to do is give anyone opposing the legislation an opportunity to be heard.

Therefore on the first point, I take it that Mr. Watt and his colleagues at the Ministry of Justice have given this a close comparison. I want an assurance that this legislation is virtually the same as it is in the provinces in which it has worked. It is always useful to have a product that has been tested and works. Is that a safe assumption for us to make?

Mr. Nicholson: It is a safe assumption.

Senator Frith: On the other branch, is anyone opposed to this?

Mr. Nicholson: None that we know of. When it was in the other place, I did not receive any correspondence or representations from anyone who is opposed to this.

Senator Frith: Nobody from Nova Scotia has been in touch with the department making objections to this unification?

Mr. Nicholson: Mr. Watt informs me no. In fact, he says the judges of the court are very keen to have it in place, as is the province.

Senator Frith: No one from the bar or any association that deals with the courts?

Mr. Nicholson: I have had no representations made to me and there are none that I know of. Mr. Watt confirms that there have been none.

Senator Frith: I guess that is it.

Senator Molgat: In fact, all other provinces have previously acted on this. Was there a reason why Nova Scotia did not move along before?

Mr. Nicholson: It was strictly a decision of the province of Nova Scotia, senator, as to why they waited until this time. I am informed they are very careful in Nova Scotia and wanted to see how it worked in other provinces.

Senator Molgat: I understand a number of other progressive provinces acted a long time ago on this, including Manitoba. Are you aware of no reason why it was delayed in Nova Scotia?

Mr. Nicholson: None that I know of. There was a task force looking into this and that task force concluded that this was a good idea. There are no reasons why this was not suggested earlier.

Senator Molgat: When did they decide to move on this, at the last session of their legislation?

Mr. Nicholson: I know it was passed on June 30 of this year, the particular piece of complementary legislation in the province.

Senator Molgat: What does this do to salaries, because there are different levels here?

Mr. Nicholson: The county court judges make $5,000 less presently, and they will all get the same. They will all be at the Supreme Court level after the passage of this.

Senator Molgat: So they will move up.

Senator Frith: A fair assumption that the reverse would not be the case.

Mr. Nicholson: Then you might have had more resistance.

Senator Frith: Yes, I may have received a different answer to my question.

Senator Molgat: What about the Court of Appeal now, will it be at the same level of salary or at a different level?

Mr. Nicholson: The same level.

The Chairman: What happens to the senior judge of the County Court of Nova Scotia?

Senator Oliver: He becomes the associate chief justice.

Mr. Nicholson: Perhaps. There is provision in this legislation for a position of associate chief justice.

Senator Frith: We know one quarter where he will get support for such a move.

Senator Graham: Thank you, Mr. Nicholson, for coming. I am well aware of your roots in Cape Breton. That gives me cause for a special celebration that you are here. I do not know how you found yourself in the particular political spectrum where you are at the present time, given your relations in Cape Breton, and I do not even want you to respond to that.

Mr. Nicholson: Oh, I will.

Senator Graham: But you suggested just now that the chief judge of the county court would become automatically the associate?

Mr. Nicholson: No, I do not think so. There may have been some comments in the Chamber.

Senator Graham: That was most implicitly the way you responded.

Mr. Nicholson: Senator Murray tells me that was an anticipatory comment. No, I can tell you what the precedent was in the province of Ontario. The chief judge of the county court was made the associate judge of the new district court, but that would be a decision for the minister to make.

Senator Graham: Mr. Chairman, would this legislation in any way alter the method by which judges are appointed in Nova Scotia?

Mr. Nicholson: No, it would not.

The Chairman: Senator Molgat, my apologies on behalf of Senator Graham. You were in the midst of some very good questions. You seem to have been cut off. I am sorry.

Senator Molgat: Are the salary levels the same now across the country?

Mr. Nicholson: For Supreme Court justices, they are.

Senator Lewis: Speaking of the salaries, you said the county court judges are presently paid $5,000 less per year?

Mr. Nicholson: Yes.

Senator Lewis: Does that apply to the chief judge of the county court?

Mr. Nicholson: No. Could you repeat that question again for me please?

Senator Lewis: Maybe I should explain. I recall when this provision was made for Newfoundland. At that time, the chief judge of the county, which we called district court, was getting a slightly higher salary.

Mr. Nicholson: Than other county court judges?

Senator Lewis: Yes. And at that particular time, I think his salary was higher than the Supreme Court judges because of this extra. There had to be a special provision made so that his salary remained as it was after he became Supreme Court judge until such time as the salaries of the Supreme Court judges went up, which they did shortly after. Is there any problem which you might want to address before you pass this legislation?

Mr. Nicholson: Senator, he would get the higher salary if he was not appointed associate chief justice. If he was appointed associate chief justice then he would be making more than a supreme court justice. In the event he was not

appointed, he would be red circled; he would not get less than what he is getting at the present time.

• (2020)

Senator Lewis: So he would be protected?

Mr. Nicholson: Yes, he would be protected.

The Chairman: Any other questions?

Honourable senators, this bill has 69 clauses.

Senator Murray: Mr. Chairman, if you are about to take the committee through clause by clause, perhaps Mr. Nicholson and his officials could be excused.

Senator Frith: Yes, assuming that he has nothing to add in order to help any particular clause that he wants to pull out. The answers given by the witness to my questions would indicate that he would not, because he said that this legislation is virtually the same as that of the other provinces.

Mr. Nicholson: It is virtually the same, with the exception of the grandfathering provision that I mentioned to you. When you go through it, you will find that the vast majority of the changes are removing references to county court judges in other pieces of federal legislation, as well as the references in the Judges Act.

Senator Frith: Consequential amendments.

Mr. Nicholson: Yes.

Senator Murray: It remains only for me to thank Mr. Nicholson and his associate for appearing before us this evening and helping the committee to an understanding of the purpose and details of this bill.

The Chairman: Honourable senators, the committee will mow proceed with the clause-by-clause consideration of the bill.

This bill contains 69 clauses. Do you wish do deal with each one separately?

Senator Molgat: Mr. Chairman, perhaps we could deal with them all at once.

The Chairman: Shall clauses 2 to 69 carry?

Hon. Senators: Carried.

The Chairman: Shall the short title carry?

Hon. Senators: Carried.

The Chairman: Shall the title carry?

Hon. Senators: Carried.

The Chairman: Shall I report the bill without amendment?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* Honour senators, the sitting of the Senate is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Nathan Nurgitz: Honourable senators, the Committee of the Whole, to which was referred Bill C-96, to amend the Judges Act and other Acts to give effect to the reconstitution in the courts of Nova Scotia, has examined the said bill and has directed me to report the same to the Senate without amendment.

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

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

[*Translation*]

THE CONSTITUTION

AMENDMENT REFLECTING LINGUISTIC EQUALITY OF NEW BRUNSWICK—MOTION—DEBATE CONCLUDED

On the Order:

Resuming debate on the motion of the Honourable Senator Lowell Murray dealing with linguistic status, rights and privileges in Nw Brunswick:

THAT WHEREAS section 43 of the Constitution Act, 1982, provides that an amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and of the legislative assembly of each province to which the amendment applies;

NOW THEREFORE the Senate resolves that an amendment to the Constitution of Canada be authorized to be made by proclamation issued by His Excellency the Governor General under the Great Seal of Canada in accordance with the schedule hereto.

SCHEDULE

AMENDMENT TO THE CONSTITUTION OF CANADA

1. The *Constitution Act, 1982* is amended by adding thereto, immediately after section 16 thereof, the following section:

"16.1 (1) The English linguistic community and the French linguistic community in New Brunswick have equality of status and equal rights and privileges, including the right to distinct educational institutions and such distinct cultural institutions as are necessary for the preservation and promotion of those communities.

(2) The role of the legislature and government of New Brunswick to preserve and promote the status, rights and privileges referred to in subsection (1) is affirmed."

2. This Amendment may be cited as the *Constitution Amendment*, year of proclamation (*New Brunswick*).

Hon. Eymard Corbin: Honourable senators, I know that the blues are not official. When I rose at 5.15 while Senator Simard was requesting leave to continue his speech and said: "Sound the bells, I will tell you why later", he replied: "The *Debates of the Senate* will show that an Acadian from New Brunswick prevented me from finishing a speech."

Of course, that is absolutely not true. I did not prevent Senator Simard from finishing his speech. As a matter of fact, he finished it after the vote scheduled for 5:30 o'clock was taken, which meant that the bells had to be sounded at 5:15 precisely, as the rules call for.

I did not appreciate at all the way this debate was opened in the Senate. Like many of my colleagues, I thought we would only express our support for the constitutional amendment proposed by New Brunswick and keep it at that.

Senator Simard should have shown more generosity and nobility of heart and refrained from using such hurtful and insulting words. Like my colleague, the former premier of New Brunswick, senator Robichaud, I was shocked by Senator Simard's remarks. Rarely have I heard a speech of that sort on such an important issue.

I believe Senator Simard was ill-advised to speak in such a lowly partisan fashion. These are all the comments I will make, because I refuse to sink any lower.

This moment is of great importance for New Brunswick communities, for the French-speaking and English-speaking people of that province. If we in New Brunswick think there is reason to rejoice and to support the government's decision and that of the New Brunswick legislature as they are recorded in the constitutional amendment on equality for linguistic communities, it does not necessarily mean that everything is settled and that there can be no further progress, especially for Acadians.

I am also thinking about the native people of New Brunswick who are suffering and have suffered as much as the Acadians or the anglophones but in a different way. Justice has still not been done in their case. This concerns us. It is a matter of federal jurisdiction and we know that the population of New Brunswick demanded justice for them as well during the last referendum.

[*English*]

I want to say very sincerely that I enjoyed the speech of Senator Ross. I believe he has caught the spirit of this constitutional amendment. I am proud to have him as a New Brunswick colleague in this house.

Some Hon. Senators: Hear, hear!

Senator Corbin: His comments were decent and respectful. His attitude and his example will do much to bring together the linguistic and cultural communities of New Brunswick.

Mention was made of the CoR party by Senator Simard. Yes, the CoR party exists, and Senator Simard, as is his habit, attacked the party from a safe distance. In saying that, I hasten to add that I have no personal sympathy for the CoR party and its aims, but Senator Simard impressed no one on this side of the chamber in the way he spoke about them.

Senator Hébert: And on the other side.

Senator Corbin: After all, the vast majority of the CoR party are former Progressive Conservatives.

Senator Simard: So what!

Senator Corbin: Has Senator Simard ever asked himself what he has done over the years to bring their political successes about?

• (2030)

I do not believe that members of the CoR party—and here I am talking about the rank and file—are stupid people. I believe that many could be brought to adhere to the spirit of the constitutional amendment that is before us tonight. I do not think insulting members of the CoR party will improve the political climate of New Brunswick.

I am not claiming that we could bring all of their membership to adhering to this constitutional amendment, but with patience, determination and an open and generous attitude like Senator Ross' we could generate progress—slowly, but progress nevertheless.

[*Translation*]

I would like to warn or advise my fellow French-speaking New Brunswickers not to retrench into a cultural and linguistic ghetto. Of course I want them to stand up for their rights. Go ahead and fight for them mightily if need be. But for God's sake, get rid of the parochial mentality. You are strong enough now to continue to assert yourselves and get respect.

Hold out your arms to your neighbours, to those who work with you at the plant or that you meet on the street. Invite you English-speaking fellow citizens for coffee. Try and understand one another.

[*English*]

I hasten to request the same of the English-speaking community in New Brunswick because these things work both ways. They have worked in the past and are working better every day. To retrench into a cultural and linguistic ghetto is to refuse to face the reality of this world. To retrench would be to run away from the richness and the unlimited potential that New Brunswick offers. Happily, this constitutional amendment will open the doors to a clearer understanding of each other's rights and a greater respect for each other. I am convinced of that.

Some well-known politicians try to erect their own monuments before they even depart from this life. If they do not succeed, they then try to destroy the monuments of others. These people know who they are; I do not have to name them.

This agreement between New Brunswickers, by New Brunswickers, for New Brunswickers is a monument. It is a commemoration of an important event in their cultural and economic lives. It is indeed the confirmation of practices that have been in place now in many areas and regions of New Brunswick for quite some time.

Nothing is perfect. There is still progress to be registered. New Brunswickers are to be congratulated. The Premier of New Brunswick, the members of his cabinet and the members of the Legislative Assembly deserve a great deal of credit. They have been persistent, consistent and quite reasonable. They have been exceptionally patient with the rest of us Canadians. That they have not satisfied everyone in the province at this time does not bother me the least bit. Tomorrow will be another day. Tomorrow will offer new opportunities for improving the fabric of New Brunswick. I am sure that New Brunswick politicians will grasp every opportunity to do so. It is not for us in this Senate of Canada to criticize the constitutional proposal in terms of its substantial content. Of course, we have a right to look at its constitutionality.

[*Translation*]

I suggest that only the people of New Brunswick speaking through their elected representatives in the Legislative Assembly are entitled to decide on the content of this constitutional provision. Whether we like it or not, the content of the amendment is none of our business so long as it does not infringe the law or the constitutional practices of our country. It is up to the New Brunswickers and their Legislative Assembly to decide. It is not up us to say that it is too much, not enough or too little. It is up to the people of New Brunswick to decide. To the critics of the content of this agreement, those who have voiced their dissatisfaction, I say go back to New Brunswick if you are not happy with this and try and do better if they are so keen. These attacks on the reputation of the people concerned and their actions in their absence and from a distance.

[*English*]

Senator Ross, you said a lot of sensible things in your speech. I especially appreciated your comments that this constitutional amendment "is an instrument of positive, political change." I agree entirely.

Over the years I had the very good fortune of working with or meeting many open-minded, English-speaking New Brunswickers and some who were not at times so open-minded, but that never bothered me. I truly believe that I am a richer person as a result of my daily contacts with English-speaking New Brunswickers. I also know for a fact that many—hundreds and thousands of your friends and neighbours—share my view as far as their own experience is involved. To you and to all your English-speaking friends, Senator Ross—because you are here to listen whereas they are too far for me to scream to them—let us build on that together. At times in the past, the road was a little rough and a lot of the times that was the fault of politicians. The important thing is to keep talking to each other in respectful terms always.

• (2040)

I see Senator Murray. My last utterance may shock him a bit. I want to say to Senator Murray that in spite of our political differences, in spite of the sometimes partisan views that he and I express and voice to each other, I have a special admiration for him. He did live and work in New Brunswick for awhile. I respect him in more ways than most of you would imagine, leaving my political, partisan considerations aside for a moment. Senator Murray understands what it is that makes New Brunswickers tick, what it is that makes them nervous. In the high position he held for some time in the premier's office in New Brunswick, he always operated on the basis of the respect of both linguistic groups. Indeed, Senator Murray is perfectly bilingual and he deserves a lot of credit for that. I know he has an open mind on these issues, and he also believes that we cannot do everything in one day, one month or one year. Much remains to be done. I am sure New Brunswickers know that he is a supporter of theirs in a way in the federal cabinet, at least for a little while yet.

The Hon. the Speaker *pro tempore:* I regret to point out to the honourable senator that his time has expired.

[*Translation*]

Senator Corbin: Honourable senators, to conclude, I would simply like to say: "Long live New Brunswick".

[*English*]

Long live New Brunswick and long live the people of New Brunswick, whether they be Acadian, Loyalists, recent arrivals or first peoples. I wish them well for the future.

Hon. Brenda M. Robertson: Honourable senators, let me add a few words on this important occasion. Senator Corbin has briefly alluded to the fact that the road has been rough for Bill 88. I suppose the road has been long and extremely rocky. The Acadian people in our province, finally, are moving closer to winning with Bill 88, a battle that has been raging for over 100 years. During his tenure as premier of the province of New Brunswick, in particular from 1967 to 1969, our esteemed colleague Senator Robichaud courageously opened doors and in so doing, awakened all New Brunswickers to the fact that we had two peoples, two cultures—one strong, one badly neglected. There is no secret about that.

Unfortunately for too long, the English community did not recognize the plight of so many of our Acadian people who did not have the opportunity for proper education, who did not have the opportunity of the services the rest of us took for granted. Between 1970 and 1987, Richard Hatfield continued to struggle with the problem because it was a problem. We all know that and it was not easy. Richard Hatfield had unusual foresight and understanding, especially for an English premier. He had a determination that truly established New Brunswick as a bilingual province. Senator Robichaud opened the doors. I suppose because of the timing of when Premier

Hatfield was there, he had the opportunity to furnish the house to which Senator Robichaud opened the doors. So it was a good fate for New Brunswickers that one followed the other.

I want to congratulate my colleague Senator Simard as being the parent who gave birth to Bill 88. The pregnancy was certainly longer than nine months. It was more like nine or ten years and went back a long way before that. I remember the afternoon that Bill 88 was passed in our provincial legislature. Senator Simard was beside himself. We know that Senator Simard gets beside himself once in a while.

Senator Simard: When?

Senator Robertson: That afternoon we passed Bill 88, you have to admit, many of us had tears in our eyes. It was a good afternoon for all of us. I am reminded of an often quoted comment of J. S. Woodsworth's, "What we desire for ourselves, we wish for others." If we desire respect, if we desire a better education for our children, if we desire opportunity, if we desire understanding, if we desire to better ourselves, to work for our province and our country; then surely we wish that for everyone. In my humble opinion that is what Bill 88 is about.

Because of outstanding leadership, New Brunswickers—both French- and English-speaking—have learned to face each other with hands extended. We no longer stand with our backs to each other, often pretending that the other is not there. Bill 88 is not a partisan issue. It is supported by the Liberals, Conservatives, and NDP. Over 61 per cent of our people supported the referendum of which the entrenchment of Bill 88 was part.

Bill 88 helps two linguistic communities come together with mutual respect and accommodation, to create an environment within our province where French and English speaking citizens will have an equal opportunity to live their lives as they chose. Bill 88 is not only, as some have said this afternoon and this evening, for the Acadian population, but for the English population as well. Bill 88 will allow the English speaking children to continue to go to their school on Miscou Island, in Edmunston, in Tabusintac. Our French speaking children will continue to go to their schools whether they are in Saint John, on the Mirimichi, or in Fredericton. I must say that with the entrenchment of Bill 88 for the anglophones of Miscou and Edmunston and for the francophones of Inkerman or of Kent South, it is fear that disappears, domination disappears to make room for a better vision for our province. We have moved one significant step closer to our dream—our two linguistic communities living together in harmony, developing with strength and pride.

Honourable senators, I whole-heartedly support the placing of this equality amendment into the Canadian Charter of Rights and Freedoms.

[*Translation*]

Hon. L. Norbert Thériault: Honourable senators, it is a bit late and I have not had the privilege to hear the comments made, I imagine, by members from both sides of this house.

I do not want to miss this opportunity to express, without emotion my pleasure, my support for this resolution. What really moves me is not language or culture, but my wish to try to help the poor.

Maybe it is because I showed last night the extreme emotions I felt.

• (2050)

[*English*]

Honourable senators, I am a product of New Brunswick. Politically, I am a product, more or less, of English-speaking New Brunswick. For 14 years I had the great privilege of representing a riding in New Brunswick. There were many ridings in those days in which approximately 70 per cent of the electors were English speaking and 30 per cent French speaking.

I recall vividly when I was first elected in those days —thank God they are gone—when politicians got together to decide who would be the snow-plough driver, et cetera. It was the same with almost all government jobs. It was not a pleasant task for me because it is not in my nature to be like that. Nevertheless, it was the system. I had lived under another government which had used the system to the hilt. However, that is not what I want to talk about.

What I want to relate is how, after the election, I met with the executives of the party in the riding. Three colleagues were elected, one of whom was an English-speaking minister. I was not English speaking. They started to say that they would replace people at Public Works and Forestry. I hope no one here is surprised. If you are over 30-years old you have lived through it.

Naturally, I sat quietly during all this, but after awhile I said to my colleagues, "Friends, I want to tell you something. We make up 30 per cent of the population in this riding; I want 30 per cent of the jobs." The old Anglos, who, naturally, had ruled the roost forever, looked at me and said, "Oh, but it never used to be that way. Public Works is in Chatham. Forestry is in Newcastle." I said more quietly than I speak usually, "Well, that is true, but we do make up 30 per cent of the population." Speaking as a Liberal, I said, "Furthermore, we make up 50 per cent of the people who vote Liberal in this riding, so I should be asking for 50 per cent of the jobs." That was only making my case.

What I asked for happened, because I made the case. There was never mention made of it after. I relate this to show that I understand the English-speaking people of New Brunswick who used scare tactics to say, "The French are taking over." It is only understandable.

I have often used the argument that if I am a Francophone and cannot read a word of English and I see a job that is advertised which states that English is required, and there are three or four other jobs which state that bilingualism required, the only one I see is that one that says English is required. That is an example of what has happened in New Brunswick.

It started to happen when we were there. It happened when Richard Hatfield was premier. I agree with my colleague from Riverview that he did a terrific job. I think it was easier for an Anglo than it was for my premier, Louis Robichaud. People understand if you are calm and collected, if you explain.

I do not believe that eight CoR members were elected in New Brunswick because a majority of Anglos are bigots, any more than Francophones are bigots. I believe there was a political vacuum in New Brunswick. That is sad to say, but it can happen. Everyone cannot vote for the same party. Everyone cannot be a Liberal, the world would be too nice if that were the case. If everyone was a Liberal it would be a paradise, but we cannot expect that to happen.

Thus, people parked themselves because there were problems with the Conservative leadership at that time. It happens to every political party. The end result was that eight CoR members were elected. My advice to Francophones after that election was, "Keep quiet. Say nothing. It's a blip in history." I hope for the day when the Conservative Party, the NDP and any other party will have a policy with regard to its leadership, to provide an alternative to the government of New Brunswick. Every government needs an alternative.

I speak as best I can in English so that the English-speaking people of New Brunswick and Canada will understand the feeling of a minority Francophone who worked to the best of his ability with colleagues who are English speaking to make New Brunswick a better place to live.

Today, I am concerned. I have children and grandchildren growing up in Quebec. The people of Quebec are no different than the people of New Brunswick or Ontario. Fundamentally, they are good people. I am concerned that there is an elite in Quebec. In my humble opinion the vast majority of teachers—and I base this opinion on discussions I have had with my grandchildren who are growing up in that system—are bent on only one thing. It is to destroy Canada.

There is an elite class in Quebec which believes that they are better than other people. That is too bad because, in my humble opinion, you are no better than others because you are French, English, German, black, white or yellow.

Bill 88 will make Francophones in New Brunswick feel a little more secure. The work of Louis Robichaud, Richard Hatfield, Brenda Robertson and Jean-Maurice Simard, to a degree—and I say that tongue in cheek—made it possible. Jean-Maurice made Bill 88 possible. It is his work. I have often disagreed with his approach to the problem, but that is now immaterial.

• (2100)

Bill 88 is a great day for New Brunswickers. I believe that over the years it will convince Francophones

[Senator Thériault.]

[*Translation*]

and everyone else in our province will feel better and I hope that even Quebecers who think they are God's gift to the world will come to realize—I am not naming anyone; I say Quebecers who take themselves for God's gift to the world. If the shoe fits, Madam —

Hon. Philippe Deane Gigantès: All Quebecers think they are God's gift to the world!

Senator Thériault: Quebecers who think they are God's gift to the world. If the shoe fits you, Madam, I am sorry. Those Quebecers will realize that in this country, there is a brilliant example of Francophones and Anglophones living together and that is New Brunswick.

Hon. Noel A. Kinsella: Honourable senators, it is with a feeling of turning a page in the history of New Brunswick and a feeling of pride in its people that I rise today to support the resolution before the Senate of Canada. New Brunswick's history is one of struggle and achievement, the high points of which are the expulsion and return, the loss and restoration of rights.

This afternoon and evening, we heard three distinguished colleagues who preceded me in the Senate, Louis Robichaud, JeanMaurice Simard and Richard Hatfield. They played historic roles in the recent past in laying the foundation for the equality of the language communities in New Brunswick.

[*English*]

Senator Louis Robichaud, as premier, in announcing the New Brunswick Official Languages Act in 1968, said:

> The government believes that there exists in our province an appreciation by all the citizens, of the necessity of a spirit of understanding and goodwill in order to enable everyone to enjoy the linguistic and cultural possibilities which are part of their rights as Canadians.

Senator Robichaud had captured, then, this spirit of New Brunswick and New Brunswickers which lives today.

Then, senators, it was Premier Hatfield, our late senate colleague, who taught us that:

> The people who speak French in this country are not minorities. That is what the Official Languages Act says and that is what I want the Constitution to say. They are Canadians who exercise a right to speak one of the Canadian languages.

This was Premier Hatfield before the Special Joint Committee on the Constitution on December 4, 1980.

It therefore followed that not only was there constitutional recognition of English and French as official languages in New Brunswick, but we wanted to recognize the equal status of the English and French linguistic communities in our province.

[*Translation*]

Our colleague, Senator Simard, spearheaded a campaign which, in 1981, led to the passage of Bill 88 in the New Brunswick legislature, an act Recognizing the Equality of the Two Official Linguistic Communities in New Brunswick. Senator Simard's bill contained the three fundamental principles of our two communities' equality:

1. Equality of status for the francophone and the anglophone communities;

2. Protection of this equality of status and of their right to have distinct institutions within which cultural, educational and social activities may be carried on;

3. In the allocation of public resources and in its policies and programs, commitment on the part of government to take positive actions to promote the cultural, economic, educational and social development of both official linguistic communities.

This last provision means a new subsection 16.1 will have to be added to the Canadian Charter of Rights and Freedoms.

[*English*]

From the beginning of the modern era, states have placed much emphasis on the organization and governance of human relations in accordance with the principle or belief in rational individualism. Such a thrust has made difficult the development of diverse cultures and caused conflict within a given state in the matter of choice of culture.

Adopting cultural authenticity as a principle to modify that of rational individualism, provides the basis for practical remedies to the cultural issues in a bilingual province. It provides a standard for the protection of all with dignity and freedom to develop. It avoids the hegemony of one group which otherwise might seek to impose cultural uniformity.

In New Brunswick, we have not been inclined to deny cultural self determination; rather, we have recognized the authenticity of our two linguistic communities. Bill 88 gave statutory recognition to a standard of authenticity for relations between French and English communities, and the present resolution will give constitutional recognition to the same principle of authenticity.

For these reason, honourable senators, I urge your support for this resolution.

[*Translation*]

Hon. Gerald R. Ottenheimer: Honourable senators, I would like to comment very briefly on this bill, as a Newfoundlander and as an Anglophone, and I want to congratulate all those who supported the bill this afternoon and this evening.

As one who supports this resolution, I would like to say a few words about the status of Francophones in Newfoundland, because we do have a few. Our province has three groups of Francophones: a fairly cosmopolitan group of Newfoundlanders in St. John's, consisting of people who come from Europe, Quebec, the other Atlantic provinces and even from other Francophone countries. This is a pretty sophisticated and well educated group, and most of these people have their own schools. There is also a group of Francophones living in Wabush and Labrador City, and they are originally from Quebec and New Brunswick. They have been living in Labrador for 20 years. Most of them work or used to work in the coal mines. They are now Francophone Newfoundlanders, and most of them have been living there for 20 years.

There is a third group I want to identify, which consists of several hundred families of Acadian descent living on Newfoundland's west coast, where my colleague Senator Cochrane comes from. There are several hundred families, and up to 15 years ago, their story had been a far from happy one. For a long time, they were discouraged from speaking French and maintaining their identity. They were discouraged by their Anglophone neighbours, but also by the education system, the Church and government authorities, both before Confederation and even after Newfoundland became part of Canada.

It was not a matter of policy, and I don't think it was prejudice so much as ignorance and a kind of fear of the unknown. Recognition of two official languages in Canada opened the doors for Newfoundland's Acadians. In July, I had the privilege of talking to them at their annual meeting. They have their own schools. They are proud of their roots. As far as their language and culture are concerned, the situation is improving steadily, and they are proud of their identity.

While in New Brunswick, the Francophone minority represents about 33 per cent of the population, with a much lower percentage in Nova Scotia and a very small percentage in Prince Edward Island, in Newfoundland the figure is less than 1 per cent—0.5 per cent, to be exact.

I believe we are all starting to recognize the rewards of bilingualism and to appreciate the culture of members of another linguistic group. These values do not translate into quantitative terms. They are based on the quality and richness of our diversity. I think we will all benefit and will be culturally richer with the passage of this resolution and its implementation. What matters is that we recognize the philosophy contained in this resolution. It should be seen as a great day for the small Francophone minority in Newfoundland.

Hon. Thérèse Lavoie-Roux: Honourable senators, it is a privilege to rise this evening and pay tribute to the Acadians and our fellow citizens from New Brunswick.

I pay tribute to the tenacity, courage and perseverance of the Acadians. I will not go into their history today. We all know the tragic events that occurred in the history of this country. Today, however, we are asked to support a resolution that will entrench the equality of Anglophones and Francophones in New Brunswick in the Constitution. To me this is an historic moment, as others have already said today, and I hope it will be followed by many more such moments in other parts of this country.

[*English*]

• (2110)

I would like to pay a special tribute to the Acadian people and to the people who were instrumental in bringing about this great step forward for our country. This was possible only because on the other side—and that is why I am speaking English—there were some courageous English-speaking visionaries. Otherwise, no matter what, this would not have been possible. I want to underline this openness and understanding on their part.

[*Translation*]

I believe this is the vision we should have in Canada and this page we are turning today for New Brunswick should fill us with hope.

Even if some people say, at times, that everything is going badly in our society, that everything is deteriorating, enormous progress is being made in some ways. We have today a country which is far more tolerant, far more respectful of differences and that allows us to look at the future with much hope.

Today is a great day for Acadia, a great day for New Brunswick and I would not cast a shadow on it by mentioning the Bloc québécois which, through manœuvres that I would not analyze, tried to prevent passage of this resolution when it should have been unanimous in both houses of the Canadian Parliament. Thank you, honourable senators.

Hon. Gérald J. Comeau: Honourable senators, it is rather late, so I will not take too much time, but I would like to take this opportunity to congratulate the people of New Brunswick on such an important occasion in their history.

I congratulate and pay tribute to such visionary people as senator Robichaud, the grand father of all this, Senator Simard, and our former colleague, Senator Hatfield. Acadians will be ever grateful, they owe you a lot.

I say to my cousins from New Brunswick that I regret the delay in the passage of this resolution in the House of Commons. I mostly regret the involvement of the member of Parliament, Mr. Nowlan, who represents our riding of Grand-Pré, that we consider as sacred. For us Acadians, it is not an honour to have Mr. Nowlan as our representative. I regret that he was part of a group who delayed the passage of this resolution. I must say that he was in less than honourable company. That group includes the Bloc Québécois, Debra Coyne, from the COR Party, and the Reform Party. We still have our Colonel Winslow. They are still there, are they not?

Earlier tonight, Senator Ross made positive comments concerning French and English Acadians from New Brunswick. I think that he made them in a very positive spirit, a spirit of respect that I greatly appreciate.

[*English*]

I had the honour to represent the riding next to Pat Nowlan's, which includes the Annapolis Valley. I can assure

[Senator Lavoie-Roux.]

honourable senators and the people of the Annapolis Valley that Pat Nowlan's comments and actions in the other place were not representative of the great people of the Annapolis Valley.

As the representative for a number of years of that great area. I remember the pride and honour that I had representing that area and the spirit of goodwill, tolerance and respect that the people of the Annapolis Valley had and continue to demonstrate for the Acadians of Nova Scotia.

[*Translation*]

Being an Acadian from Nova Scotia, I look at this resolution with envy. For us, Nova Scotians, it has not always been easy. We continue to fight to get French schools. Even our school administrators still have financial problems. There are always excuses for not giving us the funds we need to manage our schools. We are always faced with a galloping assimilation which destroys our villages as much as the sea does.

We look at this resolution with a bit of envy, but with great pride for our cousins. Having said that, tonight is your night. Maybe later, in the future, as Senator Ottenheimer said, you will not forget your cousins who still fight so they do not lose their language, that they have had for more than several hundred years now in Canada. We do not want to lose it. We rely on your support in the future. Thank-you honourable senators.

Hon. Gérald-A. Beaudoin: Honourable senators, the resolution adopted by the New Brunswick legislature affects New Brunswick only. It concerns bilingualism, education and culture. That is to say that both houses of Parliament can say yes or no to the proposed amendment. The purpose is to entrench the substance of New Brunswick Bill 88 in the Constitution. Section 43 of the Constitution Act, 1982, which allows amendments that affect one or more provinces, but not all, applies clearly.

Some people said that this amendment is being introduced through the back door of the Charlottetown agreement which, as we all know, has become null and void because of the results of the referendum held on October 26, 1992. But the New Brunswick resolution holds regardless of the Charlottetown agreement. It predates that agreement in its conception; in fact, it goes back at least to the Charest committee of May 1990 and to the demands made by Premier McKenna and his predecessors, Premiers Hatfield and Robichaud, and others like Senator Simard. It concerns areas under provincial jurisdiction.

Premier McKenna has to be congratulated for his initiative. It is a step in the right direction for bilingualism in Canada and New Brunswick. Other provinces, let us say it, would do well to imitate this remarkable gesture.

Each province can enter a bilateral agreement requiring more bilingualism on its territory, on the basis of section 43 of the Constitution Act, 1982. Again, I congratulate New Brunswick. They are to be commended for this.

Nothing in the procedure to amend the Constitution of Canada prevents New Brunswick from taking such an initiative, on the contrary.

Section 16 and the following sections of the Canadian Charter of Rights and Freedoms entrench language rights in our Constitution. The proposed amendment would become section 16.1.

Concerns have been raised in some quarters about individual rights and about collective rights restricting individual rights. It is even suggested that the proposed amendment is unconstitutional.

It is very easy to answer the second argument. The reason one amends the Constitution is to change one or more points in it.

Let us look at the first point, the famous issue of collective rights.

The 1982 Canadian Charter of Rights and Freedoms safeguards two sets of collective rights: the rights of native people in section 25 and religious rights in section 29.

In 1982, a rule for interpreting the Charter with respect to Canadians' multicultural heritage was added. Since 1982, no one has ever claimed that these were collective rights which would restrict individual rights.

To date, the Supreme Court of Canada has said very clearly in rulings that the rights of native people and confessional rights are indeed collective rights. It has even interpreted these rights in a broad and generous way. Are there other collective rights? The Court is very cautious; it does not open the door easily but it does not close it either. In decisions, it has even admitted that some individual rights have collective aspects, like the freedom of association, for example; but it did not see freedom of association as a collective right; for the court, the individual has the right to associate and not the group.

Section 133 of the Constitution Act, 1867, which protects legislative, parliamentary and judicial bilingualism, is certainly not a collective right. Individuals have the right to speak French in Parliament, in Quebec courts and federal courts and to have both official versions of Quebec laws and federal laws.

What about language rights in general? This is a controversial issue. Many constitutional experts say that these are individual rather than collective rights. The Supreme Court of Canada has not ruled on the question, although it has several times had to decide on certain fields of language rights from 1979 until today, such as in the Bill 101 affair and the ruling on the Acadian Society; nothing in its cautious judgements indicates that it considers language rights as collective rights, on the contrary!

Personally, I believe that these are *prima facie* individual rights. No one in Canada needs to belong to a group to be able to speak either of Canada's two official languages. This right belongs to all Canadians. Nothing in our Constitution prevents amending a section of the Charter of Rights and Freedoms provided that the amendment procedure is followed. In the case before us, this is the bilateral constitutional amendment formula provided in section 43 of the Constitution Act, 1982.

Honourable senators, I shall vote for New Brunswick's resolution with great enthusiasm.

[*English*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, many of us have nostalgic and "historic", if that is not too pompous a word, linkages to this resolution. Mine is much more modest than any of yours. It is certainly more modest than that of Senator Simard who, we have been told, sired Bill C-88 which, I understand, is itself the sire of this resolution.

• (2130)

Certainly my connection is much more modest than that of my colleague Senator Robichaud. Tonight we heard from him and others about of his role in the introduction of this bill. We have Senator Ross, a lawyer and businessman, who has spent most of his life in New Brunswick society; Senator Simard, who, for years represented a riding there and still represents New Brunswick here; Senator Robertson, a former minister; Senator Thériault, a former minister in New Brunswick; Senator Kinsella, a professor from New Brunswick; and, with their own close connections, Senator Ottenheimer, Senator Lavoie-Roux and Senator Comeau.

My connection is much more remote and much less personal; in a sense, less earthily connected. It is through my membership on the Bilingualism and Bicultural Commission, the Laurendeau-Dunton commission. In those years we spent a lot of time thinking about language rights in New Brunswick; a subject featured in practically every meeting. I am bound to say that New Brunswick was somewhat of a jewel for us on the commission—and that is 30 years ago — because we were concerned with language rights in Canada. Of all the provinces, there was never any question that the leader-province politically and, as it turned out, legally, always was and has continued to be New Brunswick.

To illustrate what I am saying, I asked Ms Graff of my office to retrieve two particular books from my bookshelves which set out the Bilingual and Biculturalism Commission's findings as they pertain to New Brunswick.

I should say, with reference to something said, I believe, by Senator Ottenheimer, that in most cases we talked about New Brunswick in the same breath with Manitoba and Ontario because all our studies showed significant language minorities in those three provinces. However, and I know our colleagues from Ontario and Manitoba will agree, our colleagues from New Brunswick led the way.

One of the books to which I will refer is perhaps little known. Perhaps the whole subject is so esoteric that nobody cares about this book. It is written by the son of Professor Innes, Hugh R. Innes and it is entitled, *Bilingualism and Biculturalism, An Abridged Version of the Royal Commission Report*. He took the whole report, abridged it into this size,

and never used a word of his own. Every word is a term used by the commission.

Senator Gigantès: Is this an apology on your part for the length of the report?

Senator Frith: No.

Senator Gigantès: I wanted to hear that.

Senator Frith: No, it is a compliment to Mr. Innes for accomplishing something that I do not think is very easy, which is to synthesize the report without using his own words.

As you can see, it is festooned with yellow stickers indicating references to New Brunswick. This illustrates the number of times and the number of perspectives in which we considered the language laws in New Brunswick.

I also have the report of the commission itself, the general introduction in Book 1. In just those two books, there are some 20 or 30 references to New Brunswick. After the report in which we made recommendations about New Brunswick, and after the establishment of the Official Languages Act in New Brunswick by our colleague Senator Robichaud, the commissioners felt some justifiable pride in the fact that the Charter, in turn, contained sections on the official languages of Canada.

You may remember the key section to the Official Languages Act, section 2, established the status of the two languages. The remainder of the Official Languages Act flows from section 2 which establishes English and French as official languages. Subsection 16(1) of the Constitution Act, 1982—as distinct from the proposed subsection 16.1 (1) which we are dealing with today— is virtually a copy of section 2 of the Official Languages Act. It states:

> English and French are the official languages of Canada and have equality of status and equal rights and privileges as to their use in all institutions of the Parliament and Government of Canada.

That is almost word for word from the Official Languages Act. Then subsection 16(2) states:

> English and French are the official languages of New Brunswick and have equality of status and equal rights and privileges as to their use in all institutions of the legislature and government of New Brunswick.

We then have subsection 16(3) which is a significant subsection when taken in the context of any extensions to these rights, such as we have before us here. It states:

> Nothing in this Charter limits the authority of Parliament or a legislature to advance the equality of status or use of English or French.

I listened to all of these interventions with some emotion and I was most impressed by them. Let me say a word, if you will indulge me, to explain the concern some lawyers have with this bill. However, as was illustrated this evening, I do not think you have much to worry about in that regard. One lawyer has spoken, Senator Beaudoin, and I, as a lawyer, do not agree with him. The lawyers cannot even get their act together.

The concern I speak of is not for the importance of language rights in Canada. To put it on the record, it is simply a concern for the fact that, in my view, we will be opening a new frontier and expanding this concept of language rights in Canada if we make an amendment to the Constitution that says:

> The English linguistic community and the French linguistic community have equality of status and equal rights and privileges, including the right to distinct educational institutions and such distinct cultural institutions as are necessary for the preservation and promotion of those communities.

It is not, for the reasons I have mentioned, a new experience for Canada to have New Brunswick in the forefront of these new frontiers. They were leaders with reference to the earlier status of the two languages that we now all take for granted when, believe me, in 1963 they were not taken for granted anywhere.

As a lawyer, in my opinion, there are no collective or group rights entrenched in the Charter at the present time, neither for the aboriginal communities, nor for the language rights, nor for the right of everyone to use English and French. In my opinion, the rights are individual rights in all cases. Any collectivity of expression is to establish individual rights. Some of my colleagues from New Brunswick understand that concern.

• (2140)

I feel positive about the fact that you are exploring new fields, but the concern lawyers have with the community having rights is that a lawyer wonders how you enforce community rights. Do you bring the whole community in in order to enforce the rights? You must be a member of a community and prove you are a member of a community before you can have any individual rights. Are you then faced with someone saying you do not have individual rights, only community rights?

As my colleagues from New Brunswick have pointed out, and as we heard tonight in the debate from many perspectives, the people of New Brunswick have a long experience with the concept of two communities. Senator Robichaud explained it to me and to all of us. Senators Corbin and Thériault explained it as well. I believe this resolution has grown out of a unique New Brunswick experience. The people of New Brunswick do not feel uncomfortable with the word "community". As an outsider and someone who has listened to these fine New Brunswickers tell us about the history of this legislation, their expectations from the milestones along the way, their joy and celebration over what has been achieved for New Brunswick and for the relationship between the people and communities in New Brunswick, I have been touched. Even with the reservations I have as a lawyer, I feel hopeful along

with them, that what they are entering into with this resolution is a new adventure in human relations. I wish them well.

Hon. Senators: Hear, hear!

[*Translation*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, many of you already know that some of our colleagues were in New Brunswick today for the funeral of Mr. Irving, including Senator Roméo LeBlanc who could not make it back here in time, but who asked me to tell you how pleased he is about this resolution and to congratulate the New Brunswick government and its predecessors, and in particular my good friend and colleague, Senator Robichaud, who made the first steps in that direction. I am speaking on behalf of Senator LeBlanc, but also on my own behalf. I am very pleased to see this resolution before us; it is another step towards harmony in Canada.

My colleague, Senator Frith, said that New Brunswick was "in the lead". I think those are the words he used and I do not want to take anything away from the province of New Brunswick. There is no doubt that, in modern times, New Brunswick has taken the lead, but I also want to say that my own province was the first bilingual province, because, when it was established in 1870—

Senator Beaudoin: Quebec preceded Manitoba by three years.

Senator Molgat: Yes, but I am talking about the provinces who entered the Confederation later. Among them, Manitoba was the first bilingual province and, in fact, we had a small French-speaking majority in those days.

Senator Lavoie-Roux: It was not a huge success.

Senator Molgat: But we did have a small majority.

Senator Beaudoin: A French-speaking majority.

Senator Molgat: Yes, a French-speaking majority in Manitoba.

Senator Lavoie-Roux: French-speaking people made up the majority in Manitoba.

Senator Molgat: They were, and that is the tragedy, that French Canadians migrated to the United States instead of settling in Western Canada and populated northern states like Massachussetts, Vermont and so on.

Senator Lavoie-Roux: Those came from Quebec.

Senator Molgat: The point is that they did not go West, the result being that before long, before the turn of the century as a matter of fact, we had lost in Manitoba the very laws that I now see listed in this resolution.

The English linguistic community and the French linguistic community in New Brunswick have equality of status and equal rights and privileges, including the right to distinct educational institutions, which we had back in 1870 in Manitoba, and to the cultural institutions necessary to preserve and promote those communities, which the provincial government has to maintain.

We had all that before 1870. Unfortunately, we lost it all. So, I commend New Brunswick for this initiative and, although I must confess that I do not see it happening any time soon, I do hope that some day my province will follow its lead.

[*English*]

Hon. Lowell Murray (Leader of the Government): Honourable senators, I rise to close the debate on behalf of the government.

The Hon. the Speaker *pro tempore:* If the honourable senator speaks now, he will close the debate.

Senator Murray: Honourable senators, I am not a New Brunswicker.

Senator Robichaud: Sure you are; you are an adopted son.

Senator Murray: I was associated with the Conservative party in New Brunswick during the lean years when premier Robichaud and the Liberals were in office and during the somewhat fatter years of the 1970s and 1980s. I was even, for three years in the mid-1970s, a resident of that province and deputy minister to premier Hatfield.

Some Hon. Senators: Hear, hear!

Senator Murray: I worked with many of these people who are applauding vigorously now. They were ministers of the Crown, and I a mere member of the hired help. I came in those days, however, to consider myself a New Brunswicker. I think I know, understand and appreciate New Brunswick as well as any non-New Brunswicker can.

To me, New Brunswick's cultural, political and social life is a source of never-ending interest, fascination and admiration. The hour is late, and I will not impose on the time of honourable senators with the many recollections that come to mind on an occasion such as this. However, I cannot forebear several.

In 1974, I was associated with the Honourable Robert Stanfield at the time of the federal election, when he took the decision to reject the candidacy of mayor Leonard Jones of Moncton because that person's views on the question of language could not be accepted as a candidate for the Progressive Conservative party. Mayor Jones went on to win the election as an independent, but Robert Stanfield has never to this day regretted what he did, nor have most of us in the Conservative party.

Some Hon. Senators: Hear, hear!

Senator Murray: I raise that because I want to remark on something that I have observed recently and which is a source of great amusement to me and considerable satisfaction to me and others who have been witnesses to or participants in the language wars in Moncton in the past. It is this: In all the promotional efforts that the city of Moncton now makes to attract new industry to the city or to invite companies to establish

their head offices there, the number one asset that they list at the top of the list is that they are a bilingual city. So we have come a long way in a relatively short time. I want to express my entire satisfaction with that.

Senator Robichaud: Hear, hear!

Senator Murray: I make no secret of the fact that I love New Brunswick and its people. Nothing gives me greater pleasure or enjoyment to find myself in their company.

It is wonderful that Senator Robichaud is here to take part in this debate as vigorously as he did earlier this evening. It has been 32 years since he first formed a government in New Brunswick and began what in some ways—and one must always choose one's words carefully—can be described as the emancipation of a people.

Hon. Senators: Hear, hear!

Senator Murray: I use the word "people" because les Acadiens sont un peuple: le peuple Acadien.

It is quite something to be able to say of a politician, and I do not know of any in this country, living or dead, of whom it can be said, that he presided over the renaissance of a whole people, but that can be said about our friend, the former premier of New Brunswick.

• (2150)

Senator Murray: It has become almost commonplace to remark upon the tremendous strides that have been made by the Acadians in New Brunswick and the vibrancy of their culture in the past 20 or 30 years, for example, the playwrights, the poets, the performers, et cetera. It is truly something magnificent.

We take for granted, however, the vibrancy and the creativity of the English community in New Brunswick. As Senator Robertson remarked, this resolution is for the two communities. It is for the English-speaking community as well as the French-speaking community. I simply want to say about the English-speaking culture in that province, it is quite remarkable that, from a population of that size, they would produce so many famous people. Some of the names in this generation of people are Alden Knowlan and David Adams Richards, who are Governor General prize winners, and many others such as performers, painters, and so on. It is truly remarkable that a province and community of that size could produce these people.

One more point about this topic is that neither the Acadian culture nor the English culture in that province is based on nostalgia. Both cultures are alive, vibrant, modern and exciting.

Senator Thériault: Looking into the future.

Senator Murray: It is a tremendously exciting and interesting place to be just from that standpoint alone.

[Senator Murray.]

I was with Premier Hatfield in the days of those great controversies about the Centre Communautaire Scolaire in Fredericton, a later one in Saint John, one on the Miramichi and one within the Acadian community concerning where the various campuses of l'université de Moncton were to be located. But I will not rehearse all that history; that is not my purpose.

I was not in New Brunswick in 1981 when Bill 88 went through. However, I recall discussing the issue in detail and in depth with then Premier Hatfield. I saw the first draft of the bill and subsequent drafts. I even reviewed the statements that had been prepared for the premier and others in introducing the bill, so I know something about it.

Senator Simard was a member of the Hatfield government, as Senators Ross, Robertson and Thériault have pointed out tonight. Senator Simard was one of the first to advocate the concept of the equality of the two language communities in 1979. He certainly shares the paternity for Bill 88, passed in 1981.

[*Translation*]

That is why I asked my friend, Senator Simard, to open the debate on this constitutional resolution on behalf of the government.

I have known the senator for nearly a quarter of a century, and I understand and respect the passion with which he has always approached linguistic and cultural matters in his province. I have great admiration for his tenacity in defending the rights of minorities, throughout his career with the Conservative Party, for sixteen years in the New Brunswick legislature and the government of that province, and since 1986 here in the Senate.

That being said, I must add that the speech made by Senator Simard this afternoon contained a number of comments which, both in substance and form, strictly reflected his own perspective and not that of the government.

More specifically, I want to make it clear that if there were anything misleading about this resolution, the Government of Canada would never—I repeat, never—have tabled it in Parliament.

A provincial legislature can approve a proposal for a constitutional amendment and send it to the federal government. However, the federal government is under no obligation to act on a provincial initiative by having it approved by the Senate and the House of Commons. We don't even have an obligation to table the proposal in Parliament.

When the federal government decides to proceed with a constitutional resolution submitted by a province, it does so because it fully agrees with the objectives of the amendment and supports it without any reservations. That is substantially the case with the resolution on the equal status of New Brunswick's two linguistic communities.

To me, Senator Simard's objections are a reminder of the reasons why attempts at constitutional reform were unsucessful in the past and why it will always be difficult to achieve such reforms in the future.

Once again, both sides are critical. The resolution either goes too far, as claimed by some politicians in New Brunswick, or does not go far enough.

Senator Simard's disappointment stems from the fact that the resolution as tabled does not propose the entrenchment of Bill 88 in the Constitution.

He would prefer to include in the Constitution a very detailed text that goes well beyond the principle and objectives and would dictate very specifically how future governments should go about achieving these objectives. Honourable senators, that is not the role of a constitution.

The two governments involved never intended to proceed in this manner. There is a major distinction between a country's constitution and a piece of legislation. We cannot enshrine everything in the Constitution. We cannot always act to prevent a future government from changing a policy or abrogating legislation. In a democracy we must put our trust in the democratic process, under which elected governments are accountable to the electorate.

• (2200)

[*English*]

Honourable senators, anyone who knows anything about the history of this country and about the treatment of its minorities will understand perfectly why those minorities want for their rights the protection that only a constitution can offer. Anyone who knows anything about the history of this country—a few minutes ago we heard an allusion to what happened in Manitoba in 1890—will understand why the Francophone minority in this country has never been able to count on the benevolence or even, unfortunately, the sense of justice of the majority. That is what our history teaches us. They should not have to count on the benevolence of the majority. If the history of our country proves anything, it shows the need to have these rights protected constitutionally.

It is not for the purpose of reopening old wounds that Senator Molgat and I mention Manitoba in 1890. Then there are the other two prairie provinces created out of the territories in 1905 and what has happened since to the language rights, which the courts have found were present at the creation of those provinces. Need I go on and discuss Ontario in 1917 and so forth? These situations point to the need for constitutional guarantees.

[*Translation*]

But Acadians have significant protection in the federal Official Languages Act and also in the 1982 Constitution.

More protection is provided in New Brunswick legislation, especially the Official Languages Act of 1969 and Bill 88 of 1981.

The resolution now before us is much more progress than our colleague Senator Simard wants to admit. Entrenching the equality of New Brunswick's two language communities in the Constitution is very important and will have a determining effect on the evolution of New Brunswick society for decades to come.

This resolution guarantees New Brunswickers not only the protection that their Legislative Assembly will give them but also a constitutional protection that cannot be changed or withdrawn in future except with the approval of the Legislative Assembly of New Brunswick and the federal government and Parliament.

[*English*]

Honourable senators, there have been some objections to the resolution mentioned on a couple of occasions this evening and put forward by Miss Deborah Coyne, among others. They allege this is not a bilateral matter and that the resolution diminishes individual rights. Senator Beaudoin has addressed this matter in detail and Senator Frith as well. In a practical sense, the language and other rights guaranteed to individuals in the New Brunswick Official Languages Act, in the federal Official Languages Act and in the Charter of Rights, require in a place like New Brunswick institutions within which they can be implemented. In a practical sense, Bill 88 and this constitutional resolution on the two language communities of New Brunswick reinforces and helps to guarantee the existence of those institutions for the two language communities in that province.

Senator Beaudoin has addressed the points but I must say a word or two on behalf of the government before I sit down. We believe the claim that this amendment is not one that can properly be effected through the bilateral formula is ridiculous. The resolution is clearly about New Brunswick society and the public services provided by the New Brunswick government. When the Charlottetown accord was being finalized, 12 other governments representing three different political parties, as well as four aboriginal associations, all recognized this as a bilateral matter negotiated and agreed upon long before Charlottetown. There was no controversy, no debate. There is no doubt in the view of the government that this is a bilateral matter. If this resolution is not a bilateral matter there is no such thing. Miss Coyne's argument would force any constitutional amendment, no matter how narrowly focused, through the 7 and 50 amending formula, the general amending formula.

The second matter is a more serious charge, but we believe equally ridiculous. There is no glib and simple choice between individual rights on the one hand and group rights on the other. The complexities of this have been at the core of Canadian constitutional debate since Confederation. Canada has a long and distinguished history of balancing individual and collective rights. The Constitution of Canada does contain strong protections for individual rights, but it also recognizes that individuals are members of groups and communities. Some individual rights, such as the protection of gender and

racial equality in the Charter, are there precisely because individuals face discrimination and arbitrary action by others because of the groups to which they belong. There simply is no sharp dividing line between individual and collective rights.

Protection of minority language rights benefit both the linguistic communities and their individual members. The New Brunswick equality amendment is one of those important achievements where there are no losers. It is precisely about the equality of two linguistic communities, about ensuring a climate of tolerance and mutual respect. Its beneficiaries are the individual citizens of New Brunswick, French and English speaking. They are the ones who benefit from cultural and linguistic security and from educational and cultural institutions referred to in the resolution. This resolution strengthens the fabric of New Brunswick, weaving together individual rights and collective rights and providing protection against intolerance and discrimination.

• (2210)

Honourable senators, I thank and congratulate all colleagues who have taken part in this interesting and historic debate. I am proud, as I think we all are, to join with New Brunswick, with its government, its legislature and its people, in taking this historic step tonight.

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

Hon. Senators: Agreed.

Hon. Senators: Hear, hear!

Hon. Lynch-Staunton: Honourable senators, I hope that when the message is sent to the House of Commons, it will show that the motion was passed unanimously by this chamber.

Motion agreed to.

[*Translation*]

Leave having been given to revert to Presentation of Reports from Committees

THE ESTIMATES 1992-93

FIFTEENTH REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED AND PRINTED AS APPENDIX TO *MINUTES OF THE PROCEEDINGS OF THE SENATE.*

Hon. Roch Bolduc: Honourable senators, the Standing Senate Committee on National Finance has the honour to present its fifteenth report concerning its examination of the expenditures for the fiscal year ending March 31, 1993. Your Committee examined said Estimates and hereby presents its second tentative report. I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker *pro tempore:* Is it agreed, honourable senators?

[Senator Murray.]

Hon. Senators: Agreed.

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

On motion of Senator Bolduc, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

PUBLIC SERVICE REFORM BILL

REPORT OF COMMITTEE

Hon. Roch Bolduc, Deputy Chairman of the Standing Senate Committee on National Finance, presented the following report:

WEDNESDAY, December 16, 1992

The Standing Senate Committee on National Finance has the honour to present its

SIXTEENTH REPORT

Your Committee, to which was referred Bill C-26, "An Act to amend the Public Service Employment Act, the Public Service Staff Relations Act and other Acts in relation to the public service of Canada", has, in obedience to the Order of Reference of Tuesday, December 8, 1992, examined the said bill and now reports the same without amendment.

Respectfully submitted,

ROCH BOLDUC
Deputy Chairman

THIRD READING

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

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

[*English*]

BILL TO DISSOLVE OR TERMINATE CERTAIN CORPORATIONS AND OTHER BODIES

REPORT OF COMMITTEE

Hon. Roch Bolduc, Deputy Chairman of the Standing Senate Committee on National Finance, presented the following report:

WEDNESDAY, December 16, 1992

The Standing Senate Committee on National Finance has the honour to present its

SEVENTEENTH REPORT

Your Committee, to which was referred Bill C-63, "An Act to dissolve or terminate certain corporations and other bodies", has, in obedience to the Order of Reference of Wednesday, December 9, 1992, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

ROCH BOLDUC
Deputy Chairman

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

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

SOMALIA

HUMANITARIAN RELIEF OPERATIONS—INQUIRY—DEBATE ADJOURNED

Hon. Lowell Murray rose pursuant to notice of Monday, December 14, 1991:

> That he will call the attention of the Senate to the Canadian participation in the multinational effort to establish, as soon as possible, a secure environment for humanitarian relief operations in Somalia.

He said: Honourable senators, I want to say right away that I am usually in my bed by now, and that I and you have Senator John Stewart to thank for what follows.

Senator Lynch-Staunton: He is probably in his bed now.

Senator Molgat: We are prepared to let you go to yours.

Senator Murray: He asked me on December 9 whether I would make a statement on Somalia and always helpful, he also told me what he wanted me to cover in the statement. He said:

> . . . I mean, first, the kinds of personnel we are sending, how many, and so on; second, an outline of the particular aims of Canada's participation; and third, the duration of Canada's participation in this peacemaking endeavour.

I put down an inquiry on Monday in order to respond to this request by Senator Stewart. I will take this opportunity to provide what information I have on the situation in Somalia and on Canada's role there. If possible, I will address one or two of the policy matters that Senator Stewart has mentioned. This should provide an opportunity for senators, Senator Stewart in particular, to express their views, perhaps raise other questions which, if there were time tomorrow, I would deal with in closing the debate.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable Senator Murray, I do not want to interrupt you, but I believe there is a possibility that Senator Stewart could be here tomorrow. I know he is not well. He was here earlier today. It might be more practical for you to make your comments tomorrow.

Senator Murray: I consulted with Senator Stewart late this afternoon. He suggested that I put my remarks on the record so that he would have an opportunity to read them.

Hon. Royce Frith (Leader of the Opposition): That is easy for him to say. He didn't pretend to speak for anybody but himself, I hope. Why can't you do it tomorrow?

• (2220)

Senator Murray: I do not think I can unless we are sitting in the afternoon.

Senator Frith: We will all be fresh.

Senator Gigantès: Could you speak much faster?

Senator Murray: I would prefer to do it tomorrow, but I cannot be here before 2. I am not entirely certain that the rest of you will —

Senator Cogger: I think we would like to hear you tonight.

Senator Murray: This will not take too long.

On September 24 and September 30, Senator Corbin raised some questions about this matter.

Senator Stewart's Foreign Affairs committee has a subcommittee on Security and National Defence under the chairmanship of Senator Balfour that selected as its first inquiry an examination of Canada's contribution to international peacekeeping. They have heard expert witnesses on this matter and are to report, it is hoped, in February. I will come back to the work of the subcommittee in a few moments.

Let me very briefly sketch something of the background that led to the current situation in Somalia. It was in February 1991 that the former dictator Siad Barre was overthrown. From that time forward, some 40 clans which had once been united against the government began to battle for control of the country. An interim president, Ali Mahdi, was installed at Mogadishu.

In May 1991, the northwest region of the country declared independence as the Republic of Somaliland. So far, no other country has recognized the independence of the northwest region, and neither of those governments exercises more than very local authority.

What we have in Somalia is a situation of chaos, the country split along tribal lines, and indeed anarchy the rule in much of the country. To this, the drought and destruction of infrastructure has created appalling living conditions for the innocent people of that country. One of my cabinet colleagues told the House of Commons last week that of Somalia's 7 million people, 300,000 of them have died over the past 22 months, either of starvation or as a result of the fighting; 4 million of them need emergency food aid, and 2 million are dying of starvation.

On July 27, 1992, the United Nations Security Council unanimously adopted Resolution 767 calling for the establishment of an immediate ceasefire and for humanitarian assistance from the international community. From the start, Canada has been a full participant in this international humanitarian relief effort, beginning with the dispatch of three Canadian military aircraft to ensure the delivery of relief. This year,

Canada has committed $18.8 million in humanitarian relief for Somalia and Somali refugees in neighbouring countries. In addition, Canada has provided refuge to some 15,000 Somalis over the past three years.

As the magnitude of the calamity unfolding in Somalia became evident, it also become evident that concerted international action would be required, not only to bring food to Somalia, but also to ensure protection of the relief operation. As relief supplies began to arrive in Somalia, they were increasingly the object of theft and attack by armed bandits. It became dangerous, indeed impossible, to deliver supplies to those most in need. While vital supplies did reach thousands of desperate people, too many other thousands were denied, with disastrous consequences. The death of thousands brought home the harsh realization that until the lawlessness could be brought under control, it was impossible to improve the humanitarian situation.

In light of these factors, the UN Security Council on August 28 passed Resolution 775, approving the deployment of a UN peacekeeping mission to Somalia, UNOSOM. The mission's mandate was specifically to protect the delivery of food and other humanitarian supplies and more generally to promote national reconciliation and promote internal order and security.

From the outset, Canada has been a strong supporter of UN action in Somalia. The Prime Minister wrote to the Secretary General, to President Bush, and to Prime Minister Major last August urging concerted action by the UN and insisting that the action be funded by assessed contributions. When the Security Council approved the deployment of four infantry battalions to the region outside of Mogadishu, Canada was one of the first countries on August 28 to respond to the Secretary General's request to deploy 750 peacekeepers to UNOSOM.

We agreed to provide a fully combat-ready unit with the arms and the equipment required to cope with the lawlessness. In order to overcome the logistical problems, we provided a naval ship at Canada's expense to provide essential logistical and medical support to the unit until UN arrangements could be put in place. The ship, the HMCS *Preserver*, is off Somalia now. Once the UN authorized the deployment to the northeast sector in Bossasso, we took all measures possible to speed up the deployment.

From the beginning, the situation in Somalia has worked against the deployment of the peacekeeping operation. Resolution 775 of August 28 has been overtaken by events. Over the last several weeks it became clear that humanitarian operations in southern and central Somalia could not overcome the problems of obstruction, looting and extortion created by armed groups. The UN was unable to secure the concurrence of the Somali factions for deployment of peacekeepers in key areas of the country, and the size of the UN security force was not equal to the task of securing humanitarian operations at a national level. Humanitarian conditions were deteriorating, and strong action was needed to break this impasse.

[Senator Murray.]

Mr. Boutros-Ghali, the UN Secretary General, vividly acknowledged these critical shortcomings in his letter to the president of the Security Council on November 24. The Secretary General outlines the factors which led him to review the basic premises and principals of UNOSOM: the lack of any government in Somalia; the extortion, blackmail and robbery to which the international relief effort was being subjected; and the attacks on the personnel and equipment of the UN and other relief agencies.

In a further letter to the president of the Council on November 29, Mr. Boutros-Ghali asked the Security Council to consider urgently five options for dealing with the situation in Somalia. One was to maintain and strengthen the deployment of UNOSOM. The Secretary General recommended against this approach, saying "to continue to pursue UNOSOM's existing course would not in present circumstances be an adequate response to the humanitarian crisis in Somalia." The Secretary General concluded that there was an urgent need for more forceful action in Somalia.

The fourth option which the Secretary General put forward to the Security Council called for enforcement action under Chapter VII of the UN Charter. This proposal was unanimously approved by the Security Council on December 3.

The essential elements of Security Resolution 794 are: To establish an enforcement operation under American command which is authorized to use all means necessary to establish as soon as possible a secure environment for humanitarian relief operations in Somalia; to request contributions of forces and funds from all member states; to authorize the suspension of the deployment of the 3,500 personnel of UNOSOM whose eventual deployment will be at the discretion of the Secretary General. The Secretary General will decide when and where to employ UNOSOM peacekeepers, likely only once order has been re-established in Somalia; finally, to ensure close and effective coordination between the United Nations, UNOSOM and the unified command led by the United States.

We come now to the question of Canada's contribution to enforcement action in Somalia. In August we made a decision to offer 750 peacekeepers in support of the international community's efforts to bring about a settlement in Somalia.

• (2230)

In light of the Security Council Resolution of December 3 authorizing an enforcement mission in Somalia, the government faced a second decision: Whether to commit those same troops to a mission of enforcement. Our answer to that question was yes. Our decision was made in full consultation with the United Nations Secretary General.

In deciding what role Canada could most usefully play in supporting Resolution 794, the government considered where Canada could make the greatest contribution with the resources available. As I mentioned earlier, our support ship was already in the region of Somalia and a fully combat-ready unit was about to embark for Somalia by ships and planes. The transport ships were in the St. Lawrence and the unit

equipment was at the Port of Montreal. Further, the United States asked Canada to join the unified command coalition, while the UNOSOM deployment was suspended. Therefore, the government decided that the best use of the available forces was to deploy now in support of the enforcement action where the forces are needed and wanted, as opposed to waiting for the call to deploy with UNOSOM at some future date.

We have taken the position, and we have informed the Secretary General, that we would deploy now for the enforcement action or later for the peacekeeping initiative, but we would not do both. So we have joined the enforcement action.

As honourable senators are aware, the first Canadian troops landed in Somalia yesterday at a place called Bela Dogle. Their immediate task will be to secure the airfield there and prepare for the arrival of the main party of Canadian troops, expected between December 27 and 31. Their task is to keep the airport secure and relieve U.S. Marines in the area. There is one Canadian ship offshore with 340 personnel on board. This ship is involved in the refuelling of allied vessels in the area. I am informed that, as of this afternoon, the operation is proceeding as planned and that all is reasonably quiet.

If, however, there is any resistance facing our soldiers, Canadians can be reassured that the soldiers have the appropriate training, arms and equipment to meet any risks. Canada's contribution to the international enforcement action in Somalia will be a major one. Some 1,300 Canadian forces personnel will be involved, of which 900 are combat troops.

Our decision was taken in recognition of the strong consensus in the international community that enforcement action is needed in Somalia and can yield the desired result. Speaking to the Security Council, the representative of Morocco thanked the council for passing a resolution that meets the request of most African and Muslim nations. The Security Council has described the situation in Somalia as being of an extraordinary nature, requiring an exceptional response. There is also a recognition that enforcement action in Somalia stands a good chance of early success because of the geographic and political factors particular to that country.

Having said that, honourable senators, it is clear that the United Nations is breaking new ground. Canada is breaking new ground. As the Secretary of State for External Affairs said recently, the international community is going beyond traditional notions of peacekeeping. As she said, we have to review our traditional criteria for taking part in peacekeeping missions.

This UN enforcement action in Somalia has been likened to the police action in Korea in 1950 which, as honourable senators will recall, was sanctioned by the UN General Assembly and was a multinational force under the U.S. command. It was sent there to repel aggression by one country against another. It has been likened to the multinational Persian Gulf operation in 1991, but this, too, was to repel an invasion. The creation of a force in the Persian Gulf was in response to a UN resolution calling on UN members to take all necessary steps.

The situation in Somalia is unique, and this is referred to in the letter from the United Nations Secretary General to the President of the Security Council on November 29 where he referred to the lack of a government in Somalia, the failure of various factions to cooperate with UNOSOM, the extortion, blackmail and robbery, et cetera. The Secretary General expressed his view that the time had come when it was necessary to move into Chapter VII of the UN Charter.

The Secretary General laid some of the foundation for the UN to move into the field of peacemaking from the traditional peacekeeping exercise. Last August he published a book entitled *An Agenda for Peace* in which he spoke of the use of military force and again of the need in the future for the UN to send in peace enforcement units to other countries. Indeed, he speaks of the need to set up, perhaps, permanent standby forces for this purpose. Well, honourable senators, we are not there yet, but the process seems to be evolving in the direction the Secretary General has indicated.

Resolution 794, acting under Chapter VII of the UN Charter authorizes the Secretary General and member states cooperating to implement the Somalia operation, and use all necessary means to establish a secure environment for humanitarian-relief operations there.

That we are moving into new territory is indicated by the speech made in Quebec City on December 2 by Barbara McDougall in which she opens up the question of the UN's traditional respect for national sovereignty and whether this can be maintained under modern circumstances. She stated:

> Tension and conflict often arise from human rights violations, the persecution of minorities or political repression, which may be accompanied by economic deprivation. Too often, these violations have occurred under the cover of national sovereignty.
>
> How many men, women and children have become victims of all manner of brutality, racism and discrimination because the shield of national sovereignty was raised before the international community? Now that the Iron Curtain and the Berlin Wall have fallen, is it not time to respect human dignity as much as, if not more than national sovereignty?

Our own Senate committee on Security and National Defence has heard a very great deal on the new type of peacekeeping in which the international community seems increasingly to be engaged. This involves concepts and techniques as well as levels of force which are so different from traditional peacekeeping methods that they should be described as second-generation peacekeeping, since their resemblance to traditional forms is sometimes very limited indeed.

We have seen these new forms in Cambodia, Yugoslavia and in Somalia. They have several characteristics in common. They tend to be larger in scope and numbers than traditional peacekeeping operations; they tend to be more administratively complex involving a wide range of both civilian and military personnel; and their objectives are broader and more

ambitious. In some cases, such as Cambodia and quite likely Somalia, they entail the complete reorganization of the government and civil administration, virtually a form of nation-building or nation-rebuilding.

● (2240)

In the case of Somalia in particular, the operation there represents a landmark in humanitarian law, showing that the international community increasingly believes that suffering people have an enforceable right to assistance. This is important in and of itself, but also because the world is witnessing, with increasing and disturbing frequency, an inability of some constituted nation states to cope with the problems besetting their countries. There are now numerous instances of a new phenomenon, what has been called the failed nation state, almost incapable of sustaining themselves as members of the international community. These states include Haiti, Yugoslavia, Somalia, Sudan, Liberia and Cambodia.

The result is a spiral of violence and anarchy which devastates their own populations and threatens their neighbours through refugee movements, political instability and random warfare. The result in the case of Somalia has been massive intervention on the part of the United States in the lead of a larger multinational UN force. The idea is for this force to establish a secure environment for the distribution of aid. Once this force has accomplished its mission to the satisfaction of the Secretary General and the Security Council, it will be withdrawn, whereupon the Secretary General will seek Council approval for a new plan under which the UN would take over the supervision of relief operations in co-operation with the Somalis.

Honourable senators, some shorthand has been used in the past year or so to describe the situation we are in as "necessitating a new international order." That was the phrase used at the time of the multinational effort in the Persian Gulf.

It is clear that with the end of the cold war, with the phenomenon of what I have just referred to as the failed nation state, with the renewal of interest in the United Nations as an effective instrument, not just of peacekeeping but of peacemaking, we are entering into uncharted waters. We know that we are about to enter a new era in international relations. We are learning as we go. There is no doubt that the exercise in Somalia will turn out to have been a significant step, I hope a step forward, in that process.

The Secretary General hopes that one day there will actually be a UN force, subscribed to by the member nations under his command, to take part in this kind of operation. We are not there yet, but a multinational force of 30 countries, in or about to enter Somalia in an enforcement action for humanitarian reasons, is a significant step in the evolution of international relations and of multilateral humanitarian efforts.

Honourable senators, I will stop there. If our friend, Senator Stewart, wishes at some point tomorrow to raise some questions, in due course I would attempt to respond to them.

[Senator Murray.]

Senator Molgat: Honourable senators, I want to thank the senator for his report. I will adjourn the debate now so that Senator Stewart will be able to participate when he is here.

On motion of Senator Molgat, debate adjourned.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, it has been a very long day, and certainly a productive one.

I would move that all further orders, inquiries and motions stand, with two exceptions, one being No. 1 under Reports of Committees. The Standing Committee on Internal Economy is asking for approval of the budget of the Standing Senate Committee on Foreign Affairs. Also, the Standing Senate Committee on Social Affairs, Science and Technology is asking for an extension of its mandate on its study of Canadian citizenship, which is No. 46 under Motions.

If it is agreable to honourable senators, we will call those two items now, and the rest will stand.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

TWENTY-NINTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the twenty-ninth report of the Standing Committee on Internal Economy, Budgets and Administration, which was presented on Tuesday, December 15, 1992.

Hon. John Lynch-Staunton, for Senator Lavoie-Roux, moved that the report be adopted.

Motion agreed to and report adopted.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

SPECIAL STUDY ON CANADIAN CITIZENSHIP—COMMITTEE AUTHORIZED TO POSTPONE FINAL REPORT

Hon. Noel A. Kinsella: Honourable senators, I move:

> That, notwithstanding the order of reference adopted by the Senate on December 11, 1991, the Standing Senate Committee on Social Affairs, Science and Technology be authorized to present the final report on the study on the concept, development and promotion of Canadian citizenship, no later than April 30, 1993.

If I might explain, honourable senators, the reference that we had from the Senate was to report by the end of this month. With all the other things that we have been doing, we need a few more months extension.

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

Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(h), I move:

> THAT when the Senate adjourns today, it do stand adjourned until tomorrow, Thursday, December 17, at nine o'clock in the forenoon.

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

Hon. Senators: Agreed.

Motion agreed to.

Senator Molgat: Is it understood that the numbering of all remaining orders will stay the same?

Senator Lynch-Staunton: Exactly.

The Senate adjourned until tomorrow at 9 a.m.

THE SENATE

Thursday, December 17, 1992

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, it is the week before Christmas. I could go on with a poem about the peoples' dismay about the lack of the call of an election day, but it is 26 days now that the government has overstayed and gone into the fifth year of its mandate.

For those of you who will want to be thinking about it on Christmas day, it will be 34 days that day.

SEASON'S GREETINGS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, as a result of the progress that we are now making, we may well leave this place before the end of the day for the Christmas recess. Therefore, I should like to express a few sentiments appropriate to the season.

Whatever our views on the legislation which has been voted on during the year, we have much reason to be satisfied with the manner in which the business of the Senate has been handled. This could not have happened without the full understanding and patience of honourable senators on both sides. I thank them all for their cooperation.

I am sorry that he is not here at this moment, because I wanted to express particular appreciation to the Deputy Leader of the Opposition for his allowing our working relationship to be as pleasant as it is businesslike. Senator Molgat and I meet on a regular basis and, while not surprisingly our intentions and priorities seldom coincide, this does not stand in the way of fashioning a work schedule which is intended to accommodate all sides.

[*Translation*]

Honourable senators, it would be remiss of me not to mention the excellent work and support of all the Senate staff. As I have said on many occasions, it is really too bad we do not have a chance to know them all personally. In many cases this is impossible because of our schedules and our place of work. We have about 450 Senate employees, and we have them to thank for the very efficient administration and maintenance of the Senate. To all of them, their families and their friends, I wish to offer my thanks and best wishes for a merry Christmas and a happy and prosperous New Year.

[*English*]

Honourable senators, I trust that we will all enjoy a well-deserved holiday and the best of the New Year. I, or whoever from the Conservative caucus will be standing in this place at this time in the future, look forward to expressing similar sentiments from this side for many years to come.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, they can be expressed from either side.

Honourable senators, lest the record indicate a surly absence of response, which is not intended at all, Senator Molgat has been held up for a moment. Perhaps we will leave it to him to respond to the welcome words just expressed by the Deputy Leader of the Government. I suppose we will all have a word or two to add at the end of today's sitting.

ROUTINE PROCEEDINGS

TOBACCO RESTRAINT ACT

TOBACCO PRODUCTS CONTROL ACT

BILL TO AMEND—FIRST READING

Hon. Peter Bosa, for Honourable Stanley Haidasz, presented Bill S-19, to amend the Tobacco Restraint Act and to amend the Tobacco Products Control Act.

Bill read first time.

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

On motion of Senator Bosa, with leave of the Senate and notwithstanding rule 58(1)(f), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

SENATORS' STATEMENTS

[*Translation*]

Leave having been given to revert to senators' statements

"THE VALOUR AND THE HORROR"

COMMENTS ON THE REMARKS BY SENATOR MARSHALL

Hon. Jacques Hébert: Honourable senators, when I first arrived in the Senate nearly ten years ago, one of the first Conservative senators with whom I was quite impressed was Senator Marshall. I admired his zeal in defending the men and women of our country who went to war to fight for freedom. Veterans could not find a better man to defend their rights, and I will always admire his unremitting effort and praise him for what he has achieved.

That is why today, I am rather disappointed to see him on the side of censorship which, in any form, has always constituted a real threat to freedom. The same freedom, in fact, which Senator Marshall has so courageously defended. Why would he tarnish his reputation by involving the Senate, not its sub-committee, in the dreary controversy around the television documentary entitled *The Valour and the Horror*?

I am convinced that the Senate should not pass judgment on the quality of a film, news report or book. The Senate's role is to legislate, not to act as a substitute for agencies like the CRTC, whose mission is to take care of broadcasting. The Senate should also avoid like the plague any involvement that would challenge the freedom of speech and independence of the CBC, the National Film Board or even your average journalist.

My purpose in rising today is not to get involved in a debate which, I repeat, is no business of the Senate. I merely wish to protest against a statement made by Senator Marshall on the CBC's French network during a broacast of *Le Point*, on Friday, December 11.

[*English*]

When asked whether there should be an arm's-length relationship between the government and the CBC, Senator Marshall had the temerity to utter the following:

> I don't think they —

That is, the producers of the documentary—

> . . . should be allowed to preach independence and arm's length.

He also answered "no" when asked whether he supported the principle of arm's-length for CBC.

[*Translation*]

May I remind Senator Marshall what the Brodcasting Act has to say about the journalistic independence of the CBC?

Section 35(2) says the following about the interpretation of Part III of the Act, the part that defines the mandate of the CBC, and I quote:

> This Part shall be interpreted and applied so as to protect and enhance the freedom of texpression and the journalistic, creative and programming independece enjoyed by the corportaion in the pursuit of its objects and in the exercise of its powers.

Furthermore, Section 46(5) of the Broadcasting Act says, and I quote:

Hon. Jean-Maurice Simard: Order!

Senator Hébert: Quiet!

> The Corporation shall, in the pursuit of its objects and in the exercise of its powers, enjoy freedom of expression and journalistic, creative and programming independence.

The Hon. the Speaker: Your time has expired, but as usual, with the unanimous consent of the Senate, you may continue.

Some Hon. Senators: Agreed.

Senator Hébert: I only have a few sentences to add. I would like to know whether Senator Marshall represents a certain philosophy on the government's side, and whether there are any Conservative defenders of freedom who will object to this attempt to undermine the independence of the CBC and recommend that the Senate sub-committee terminate a censorship opeation that is unworthy of the Senate.

Senator Marshall should know there is always a risk involved in letting someone take the floor and agreeing to listen. We take that risk every day when we turn on our radio or television set or when we buy a newspaper or a book. We accept that risk as the price of freedom.

However, freedom has always had a formidable opponent who, depending on the circumstances, hides under the mantle of good taste, virtue, religion, and in this case historic ttotalitarian societies; censorship.

And the senator, what's his name again, the senator who keeps talking through his hat?

Hon. John Lynch-Staunton: Senator Gigantès.

SEASON'S GREETINGS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, we are still on Senators' Statements. I was attending a metting on the Board of Internal Economy, and as a result, I missed what was said by my colleague, the Deputy Leader of the Gouvernment in the Senate. I want to say that I entirely agree with the comments he so kindly passed on to me.

[*English*]

On behalf of our group, I want to express my appreciation to all honourable senators. We do not always agree, but that is the essence of the democratic system. We mustexpress our opinions. We do so with the best of intentions and I do not question anyone in that regard.

On behalf of senators on this side, I would wish all honourable senators opposite a very Merry Christmas. May 1993 be a pleasant year for them, although I cannot say that I wish them great electoral success.

I also want to express particular thanks to our staff. We sometimes forget the pressures we impose on them. Frankly, I marvel at receiving my *Debates of the Senate* every day. We sat until 11 o'clock last night, and they were in my office, in

the special new form, when I arrived before 8 o'clock this morning. It amazes me how the staff can do some of these things. To all the staff, from the Clerk down through all the services, thank you very much for everything you do for us.

I would also extend a particular thanks to the pages who, being in the midst of exams, have had to reschedule their calendars. Most of them are from my part of the country, western Canada, and they undoubtedly have plans to return home for the Christmas season. Thank you very much from all of us. Merry Christmas and a Happy New Year.

THE CONSTITUTION

AMENDMENT REFLECTING LINGUISTIC EQUALITY OF NEW BRUNSWICK—WORDS OF SUPPORT

Hon. Roméo LeBlanc: Honourable senators, I have not been able to read *Hansard* but I am told that the joint New Brunswick-federal resolution was discussed last night. Yesterday, I arrived in the chamber at the very end of the sitting after attending a funeral in New Brunswick. I was rather distressed that I had not been able to participate in the discussion.

[*Translation*]

I would just like to say that I join whole-heartedly in what was said about the meaning and significance and importance of the resolution that was passed last night in the Senate.

[*English*]

New Brunswick, for many historical reasons, could be a place of discord and disagreement. In reality, for many years—and I am going back to the 1920s—New Brunswickers have found a way of accommodating each other to solve problems, sometimes not in formal constitutional or legal resolutions, but in practical ways, particularly with regards to schools for the minorities.

I would thank my colleagues who supported this resolution, and I only regret that I was unable to be here to speak to it last night.

ROUTINE PROCEEDINGS

[*Translation*]

Leave having been granted to return to Presentation of Reports from Committee.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

THIRTIETH REPORT OF COMMITTEE ADOPTED

Hon. Thérèse Lavoie-Roux, Chairman of the Committee on Internal Economy, Budgets and Administration, had the honour to present the following report:

THIRTIETH REPORT

Your Committee has examined and approved the budget estimates of the Senate for the 1993-94 fiscal year and recommends their adoption.

The total budget of the Senate for 1993-94 will be $42,624,571. This is a decrease of $812,519 or 1.9 per cent from the 1992-93 budget. This is the second year in a row that the Senate has reduced its budgeted expenses. The 1992-93 budget of $43,437,100 is $1,153,800 or 2.5 per cent less than that of the previous year.

A copy of the summary of the 1993-94 estimates accompanies this report.

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairman

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

Senator Lavoie-Roux: Honourable senators, I move that this report be considered at the next sitting of the Senate.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, under the circumstances, there may not be a next sitting. I would therefore be prepared to give approval later today or now, if desired.

The Hon. the Speaker: Do you agree?

Senator Lavoie-Roux: I am prepared to consider it now.

The Hon. the Speaker: Honorable Senator Lavoie-Roux moves that this report be considered now.

[*English*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I want to say a few words of thanks to Senator Doody, the chairman of the Subcommittee on Budgets. He has mentioned that the process was carried out with the minimum of acrimony and the maximum of understanding. That is in large part because of the way he handles things. I appreciate the hard work the committee has done, and I would thank Senator Doody. If he continues in that post, I am sure he will have continued cooperation from this side.

• (0920)

Senator Doody: Thank you.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 500 citizens of British Columbia who oppose the goods and services tax.

These petitions come mainly from Surrey, Delta, Burnaby, White Rock, Vancouver, Abbotsford, Vernon, Nelson, Kelowna, Prince George and Penticton.

I also have the honour to present petitions signed by 500 citizens of Alberta who oppose the goods and services tax.

These petitions come mainly from Sherwood Park, Calgary, Fort McMurray, Edmonton, Spirit River, Camrose and Grande Prairie.

Finally, I have the honour to present petitions signed by 132 citizens of New Brunswick who oppose the goods and services tax.

These petitions come mainly from Bathurst, Pokemouche, Caraquet and Maltampec.

These petitions were signed in October 1992. After two years of experience, a total of 1,132 Canadians are more convinced than ever that the GST is wrong-headed and unfair, especially as it applies to periodicals and books.

Within a year, they will have an opportunity to protest more effectively.

QUESTION PERIOD

[*English*]

THE SENATE

ABSENCE OF GOVERNMENT LEADER

Hon. Royce Frith (Leader of the Opposition): Honourable senators, last evening the Leader of the Government in the Senate advised the Senate that he would not be present until 2 o'clock today. The house leader for the government side advises that there is a good chance we will not be here at 2 o'clock, so that might explain, on the record, to some historians in the distant future why there were no questions today.

PRIME MINISTERS OF CANADA

RATING OF EXCELLENCE

Hon. Philippe Deane Gigantès: Honourable senators, did the honourable Deputy Leader of the Government read the article in *L'Actualité* written by Jean-François Lisée which gives statistics and comments on what the barons of industry think? They consider that the best Prime Minister we have ever had is Mr. Trudeau, followed by Mr. Pearson. The two worst are Mr. Mulroney and Mr. Turner. Only 1 per cent of these barons of industry state that one should pay any attention to education, health and social welfare. They think they would make the best prime ministers.

Is the Deputy Leader of the Government in the Senate aware that some of your main money suppliers have these strange views, or do you not think them strange?

Hon. John Lynch-Staunton (Deputy Leader of the Government): I am not the aware of the article.

Senator Gigantès: Would you like me to lend you my copy?

Senator Lynch-Staunton: I would be very pleased to read it.

ORDERS OF THE DAY

APPROPRIATION ACT NO. 3, 1992-93

THIRD READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the third reading of Bill C-100, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993.

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

Hon. Royce Frith (Leader of the Opposition): Honourable senators, because of the comments made at second reading, it would seem inappropriate to extend any debate at third reading and therefore we support third reading.

Motion agreed to and bill read third time and passed.

NOVA SCOTIA COURTS AMENDMENT BILL, 1992

BILL TO AMEND—THIRD READING

Hon. Donald H. Oliver moved third reading of Bill C-96, an Act to amend the Judges Act and other Acts to give effect to the reconstitution of the courts in Nova Scotia.

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

Hon. Gildas L. Molgat (Deputy Leader of the Government): Honourable senators, we had good explanations yesterday in Committee of the Whole on this from the parliamentary secretary, the minister and staff people. We are satisfied that there are no problems and are prepared to give the bill third reading now.

Motion agreed to and bill read third time and passed.

• (0930)

WILD ANIMAL AND PLANT PROTECTION AND REGULATION OF INTERNATIONAL AND INTERPROVINCIAL TRADE BILL

CONSIDERATION IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on Bill C-42, respecting the protection of certain species of wild animals and plants and the regulation of international and interprovincial trade in those species, the Honourable Nathan Nurgitz in the Chair.

Pursuant to rule 21 of the Rules of the Senate, the Honourable Pauline Browes, Minister of State (Environment) was escorted to a seat in the Senate chamber.

Senator Lynch-Staunton: Honourable senators, we have the pleasure this morning to have with us the Honourable Pauline Browes, who is the Minister of State (Environment). This is her first official visit as minister to our chamber. We welcome her.

Hon. Senators: Hear, hear!

Senator Lynch-Staunton: We certainly hope to see her again on many occasions over the next few years, on this side of the house.

Senator Frith: Do you mean as a senator?

Senator Lynch-Staunton: In any capacity, as long as it is on this side.

Accompanying her are David Brackett, Director General of the Canadian Wildlife Service of Environment Canada and Mr. Bob McLean, National Coordinator, Legislation and Public Education, of the Canadian Wildlife Service.

I presume the minister will have an opening statement to make on the bill, after which she will make herself available for questions.

Hon. Pauline Browes, Minister of State (Environment): Thank you very much, senator, and members of the Senate. With such a fine welcome as this, I may just want to come back. I hear there are a few openings.

I thank you very much for allowing me the privilege of briefly addressing you this morning concerning Bill C-42, the Wild Animal and Plant Protection Regulation of International and Interprovincial Trade Act. This is a piece of legislation that has been in the works for ten years and was a commitment out of the Canada's Green Plan.

Honourable Senator Grimard has described for you the purposes of the bill and outlined its consultative and legislative authority. I understand he has also referred to a number of the improvements made in the bill by the legislative committee, and I would like to provide just a few additional comments on those improvements.

The senator noted the important essential role of the provinces and the territories in the area of wildlife conservation. In recognition of this role, the legislative committee added a new section, Section 5, concerning federal-provincial agreements. The purpose of these agreements is:

> to provide for the cooperative management and administration of this Act and to avoid conflict between, and duplication in, federal and provincial regulatory activity.

Another important improvement concerns the designation of species which will be subject to the act. With respect to the interprovincial transport, the bill now makes clear that this legislation is available to provincial ministers if they believe that the act will provide additional protection to species under their jurisdiction. A provincial minister may request which species will receive the conservation and protection benefits provided by this act.

It is also noted that many of the witnesses heard at the legislative committee called for effective implementation and enforcement of Bill C-42. These witnesses stated that the penalties provided for in the bill would contribute significantly to the legislation achieving its objectives. One witness noted that penalties must be severe enough to act as an effective deterrence. I believe that what has been incorporated is exactly that.

In response to the legislative committee that made significant changes to those suggestions, the offences and punishment section of the bill has been strengthened. For less serious offences, individuals will now be liable to a maximum of $25,000 fine or imprisonment up to six months or both. More serious offences carry the maximum penalties of $150,000 or five years or both. Corporations convicted under the act will be liable to $50,000 or $300,000 maximum penalties, depending on the nature of the violation. In all cases, the potential maximum financial penalty is doubled for subsequent offences.

Equally important, the committee added a section providing the court with the authority to impose special orders of those convicted of offences under the act. For example, the court could direct a convicted person to take any action considered appropriate to remedy any harm caused by the offence. The person could be directed to perform community service or to post bonds ensuring performance of the court order. These changes reflect the comments made to the committee and will provide the court the flexibility to impose the appropriate penalty.

I should also note that for minor regulatory violations, the act allows for the use of tickets. This will ensure that the act is fair and the punishment will be appropriate to the nature of the violation.

Senators, in summary, Bill C-42 has undergone an extensive consultation and has been reviewed thoroughly by the legislative committee of the House of Commons, and the improvements made by the committee were recommended by the public and unanimously accepted by the House of Commons. I seek today your favourable consideration of Bill C-42

and will be pleased to answer any questions you have concerning this particular piece of legislation.

Senator Frith: Senator Hays and I, and maybe some others, have some questions. I really only want to ask you about one aspect of it. Senator Hays is going to ask you about other aspects I am interested in.

The bill has received support, it seems to me, basically as a good first step for the achievement of what the title of the bill promises. The difficulty I have with it is its title. I believe the title of the bill could be advantageously amended to make it clear that the bill deals with trade in animal and plant products, rather than protection. I say that because there is an increased sensitivity among Canadians to the whole question of protection of species. While the laudatory objectives of this bill have something to do with protection, it is not a bill that really deals with the protection of species.

Would you have any difficulty accepting an amendment to the title of the bill so it more accurately describes its worthwhile provisions?

Mrs. Browes: There was some discussion in the legislative committee in the House of Commons about the title, because the title has been changed from the original issuance of the first reading.

Senator Frith: What was it?

Mrs. Browes: It was the Wild Animal Protection and Plant Act.

It is now known as the Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act, which is a long title.

• (0940)

Having the words "Regulation of International and Interprovincial Trade" included in the title is appropriate. Perhaps, senator, that answers your concern with respect to it being a trade act.

Senator Frith: The government is not pretending that the bill deals, in a broad way, with the protection of species, but, rather, with protection of the species through one step, namely, dealing with trade in those species.

Mrs. Browes: Exactly. That is why this is a first step. In the Green Plan for 1993 it is recommended that we look at the policy concerning endangered species. We just recently signed and ratified the biodiversity convention that emanated out of the conference in Brazil. This is a first step, one that we take to be in concert with our international partners through the CITES. This gives us the legislative authority, domestically, for dealing with the international convention.

Senator Frith: The title of the bill still seems to feature the word "protection". Of course, for legal purposes it will have to go by the title you have just described. I would be reassured if you were able to say, as minister on behalf of your department, that in disseminating information about the bill to the public, you would underline the word "trade". I say that not because what is stated is inferior, but because it is more communicative. That, in itself, would be a better description of what it deals with.

In dealing with the public, I hope the department will be able to make it clear that we are dealing with trade in this bill; and what we will deal with in future legislation will be other steps for protection.

Mrs. Browes: This is certainly a "good news" bill. It has the protection aspect as well as the trade aspect to it. It is such good news that I hope we might see it on the front page of the *Toronto Star* tomorrow.

Senator Frith: That did not quite deal with my question. I am not suggesting it is a "bad news" bill. I am just asking that the department, in disseminating the good news, tells people that you are dealing with trade in these species, not the wider protection, which I understand from what you are saying you intend to deal with in other legislation.

Mrs. Browes: Exactly. We are looking forward to there being sufficient publicity that people will be well aware of this issue, especially in terms of the penalties. It is important that this information be well disseminated.

There will be a great deal of information put out to the stakeholders through the provinces, with whom we have had a tremendous amount of cooperation and consultation in terms of how to get this information out.

This issue has been around for some time. There has been a great deal of consultation concerning it. It is now important to deal with the issues in legislation so that we can take the action that is required.

Senator Frith: Although your answers are informative, minister, I am not sure you understand exactly the point I am making, which is that the emphasis should be on the word "trade" rather than on the word "protection".

Mrs. Browes: Under the CITES, the publicity is focused on trade aspects. This is domestic legislation that gives us the authority to deal with the CITES. The main point in the CITES is the illegal trade aspect and stopping it.

Senator Frith: I want to be sure that the department says what you are saying in its publicity.

Senator Grimard: Honourable senators, I like the bill for many reasons, one of them being that I am its sponsor here in this place. However, there is something that causes me some concern about which I would like you to give me some explanation, minister.

My concern is with clause 22(11), which reads as follows:

> Any person who has attained the age of majority may, where the Attorney General of Canada does not intervene, institute proceedings to which this Act applies.

At first blush, it seems to me that this clause could give rise to an abuse or a misuse of authority. My question is this: Why is this clause in the bill?

Mrs. Browes: That is an interesting point, senator. As I understand, it deals with something that is contained in the Criminal Code. However, for further clarification, it was felt by the legislative committee that the matter should be dealt with in this legislation as well in order to make it perfectly clear what can and cannot be done under this legislation.

Senator Grimard: Are you not afraid that this clause could create an opportunity for the misuse of authority? If someone wants to cause trouble, then that person can, as is stated in the clause, "institute proceedings to which this Act applies." Unless you have good reasons otherwise, I think it is dangerous to have this clause in the bill.

Mrs. Browes: One of the key points in the clause is the phrase, "where the Attorney General of Canada does not intervene". That provides some protection.

Senator Grimard: Minister, if the Attorney General of Canada decides not to intervene, I have difficulty understanding why any person would have such a power.

Mrs. Browes: If it is acceptable, and with the agreement of honourable senators, I would ask Mr. McLean, who is an expert on this bill, to give a definitive answer with respect to the Honourable Senator Grimard's question.

Senator Grimard: Mr. McLean is not caught by surprise because I had an opportunity to discuss the matter with him.

I would like you to repeat the explanation you gave me at that time.

Senator Frith: I suppose there is no reason why we should not. We tend to be a bit informal and casual in our committee of the whole. For example, we usually sit, although the rules say we are supposed to rise. Senator Grimard is not in his place.

Senator Grimard: I am told, in committee of the whole, it is not necessary.

Senator Frith: But it does say that in the rules. It also does require us to rise, although I normally do not. It does require us to be in our place under our rules.

Senator Molgat: Rule 84.

Senator Frith: I do not know that we have ever had an official give evidence directly. I have no objection. It seems a good idea, especially since we are trying to simulate standing committee hearings in committee of the whole hearings for the purposes of examining a bill. I think it might be worthwhile noting.

Senator Doody says we have done it frequently. I do not remember. We have had witnesses in committee of the whole who are not ministers, but when we have the minister, I do not recall the official giving evidence directly. It seems silly to go through the routine to have it come from the official to the minister if the official can give it directly.

Mrs. Browes: I would then ask Mr. McLean to give a detailed answer to Senator Grimard.

Senator Frith: Have we put on the record exactly who he is?

Senator Lynch-Staunton: Yes, we have.

Ron McLean, National Coordinator, Legislation and Public Education, Canada Wildlife Service: The committee debated this particular provision at some length. The committee decided in the end that it was important to send a clear signal to the public that people would have an opportunity to initiate private prosecutions.

The committee was aware of the fact that the exact same provision is provided in the *Criminal Code*. So the provision itself does not establish any particular precedent. If it were to be deleted, a person could still initiate a private prosecution under authority of the *Criminal Code*.

The protection is provided by the phrase that Minister Browes referenced, where the Attorney General of Canada does not intervene. The Attorney General monitors the prosecutions, and if there is a malicious prosecution, the Attorney General can protect against malicious prosecutions by intervening and stopping the proceedings. However, the concept of the provision is found in the *Criminal Code*. If it was deleted, people could still use the *Criminal Code* to pursue the same sort of malicious prosecution. Again, even under the Code, the Attorney General can stop those sorts of malicious prosecutions.

Senator Frith: Could there not also be a civil action for malicious prosecution for damages?

Mrs. Browes: Yes.

Senator Frith: That is not barred anywhere?

Mrs. Browes: No.

Senator Hays: I would like to ask for some comforting words on how this act will be administered in terms of the power given to enforcing officers under section 15 of the act.

I know that, in reading section 12, the minister will have a role to play here. It seems to me we should comment on the extraordinary power given to an enforcing officer to proceed without a warrant, to do those things which would not be done in the absence of a warrant being obtained through the long-standing process in our law involving the discretion of a judicial authority.

Making an enforcing officer a judge should be done only under extraordinary circumstances. Can the minister comment on the extraordinary circumstance envisaged here that causes this? Can you indicate precedence for this in other legislation. Is this a one-time thing or is it something that is done in other areas? I do not know.

Of course, there is a constraint in section 12 which will come into play in terms of administration of the legislation. I do not know when it comes into force. You might comment on that as well.

Mrs. Browes: Thank you, Senator Hays, for those questions because they are important ones. What is envisaged in

this piece of legislation is that there would be times that it is important for potentially harmful specimens, which could be harmful to the eco-systems of Canada, to be removed from Canada.

It was indicated in this piece of legislation that enforcement officers should be given that opportunity, rather than allowing damage to our environment or eco-systems by the presence of a species. Early removal of that species would be possible as opposed to long periods of time elapsing.

It is an important aspect of this bill that we not only have the enforcement in terms of fines and gaol sentences, but if there is a potentially harmful species which comes into Canada, that this species can be removed quickly. That is the purpose of this aspect.

It is not a precedent. This is not the first time that it has been done. It is found in the Health of Animals Act. This is an aspect that would be outlined in accordance with regulations that would follow the enactment of this piece of legislation.

Senator Hays: Could you comment further on that and perhaps give us a sense of what the shape of those regulations will be? To whom will the minister give authority to look, without warrant, for these things which presumably will be done only where there are reasonable and probable grounds to believe that one of these potentially dangerous things to our eco-system might be carried into Canada. I assume that this would not cover narcotics or hallucinatory mushrooms, but is confined to the animals and plants which the general tenor of the act envisions. What would be the likely shape of those regulations which restrict the enforcing officer? I am just curious.

Mrs. Browes: The regulations have been under discussion for some time now.

It is exceedingly important to have the provinces as partners in the regulations. The regulations which relate to this particular section form a framework of conditions. We want there to be a sense of fairness.

We will be consulting extensively with those persons familiar with the import and export of the species. The regulations are being prepared for public consultation. We have sent preliminary information concerning the regulations to over 400 groups and individuals who have an interest in this subject. That information is available to the Senate. If you have some input as to the regulations, we would welcome it. We want the regulations to be fair, but also to be tough to ensure that, in addition to the officers knowing exactly what their parameters are, the public will understand the regulations and recognize the fairness of them.

Senator Hays: Thank you. I would appreciate receiving the materials. I undertake to look at them and to comment if I feel I can be helpful.

Senator Kinsella: Welcome, minister. Who were some of the witnesses from the wildlife community who appeared in the other place during the study of the bill? For example, did the World Wildlife Federation appear? A very distinguished former member of this chamber, Senator Alan MacNaughton, has also had the privilege of being the Canadian chair of the World Wildlife Federation. Indeed, I believe that only last year Prince Phillip, who is the international patron, made an award on behalf of the federation.

Did the World Wildlife Federation or other groups such as that appear? If so, what was their reaction to the bill?

Mrs. Browes: A number of witnesses appeared before the committee. This bill was not new to many of the groups as they had already been consulted. The Canadian Nature Federation and the Canadian Wildlife Federation appeared and spoke very favourably of the bill. The zoo association brought forth a submission as did the orchid organization. We heard witnesses from the pet industry as well as the fur industry and the International Wildlife Coalition.

All participants supported the bill, which is quite unusual in my short experience as a member of the House of Commons. I think that speaks to the fact that there has been extensive consultation on this subject and that the bill represents what the people of Canada who are particularly concerned about this legislation want to have included in it in order to complement CITES.

Senator Adams: My question of the minister may be a little different from some of those already asked. Does this bill deal with the selling of pieces of animals to other countries? I have seen in the news that parts of black bears, in particular, are being sold to foreigners.

In the territories, native people do kill animals. Some parts of those animals are worth a lot of money to certain foreigners. Sometimes people use the meat of the animals and sell other parts. Could a person be charged for selling certain parts of the animal?

Mrs. Browes: This legislation deals with illegal trade. It is also about anti-poaching and anti-smuggling and it includes parts of animals. A portion of this bill speaks to the prohibition on selling endangered species, which is an offence.

The bill will not cause problems for legal trade, but it aims to stop the illegal trade. Removing the illegal trade should help to protect the ability to carry on legal trade.

We have been concerned about parts of black bears and so on, to which you referred. That is exceedingly important and this bill deals with those kinds of issues.

Senator Adams: As you know, caribou usually drop their antlers in the fall. Can people be licensed to sell antlers to other countries or does the bill prohibit that?

Mrs. Browes: I repeat that this bill does not prohibit legal trade. Therefore, the antler trade to which you referred would not be prohibited.

Senator Watt: My question is supplementary to that of Senator Adams. He talked about by-products of species such as antlers. With regard to what it is legal and what it is illegal to sell from the same piece of by-product, it is the resin which

comes out of the caribou antlers which is sold. In the north, poachers have been known to extract the by-product from the living species in order to market it for so-called "medications".

How can you determine if that by-product was extracted from the living species rather than being dropped naturally, in the way Senator Adams described it? Where does the legislation draw the line on what is legal and what is illegal?

● (1010)

Mrs. Browes: Under the regulation, the species will be identified in the regulations. That will be done in consultation with the provinces and the territories. The territories and the provinces can include items on that list.

The bill does not philosophically oppose the legitimate use of wildlife; it opposes the excessive exploitation of endangered species.

The consultation process has been important. I have emphasized that on a number of occasions because the issues raised are important ones, and we have reached out to discuss these issues.

The bill provides for staff and resources to help identify the source of products. That will be very helpful in terms of the regulations being developed to complement this legislation.

Senator Corbin: Madam Minister, I want to know what your PR strategy will be with respect to this bill, federally and jointly with the provincial governments. I ask this advisedly.

I come from New Brunswick. We do have an endangered species. It is a plant with an esoteric name. I can never remember the first part of the name. It is called a lousewort. At one time, it was thought to have totally disappeared. It is such a potent plant that it is one of the items preventing the building of a dam in the upper reaches of the Saint John River on the Allagash River in Maine, where public utilities and governments for years have been trying to produce hydro electricity.

What concerns me is this: A person in the boondocks could be enticed to dig up this plant for sale to, let us say, a New York collector of rare plants. Collectors may not necessarily live in New York, but they do exist. Unknowingly, this person would then be engaged in elicit trade. What will you do to ascertain that these people are well informed?

People are presumed not to be ignorant of the law. What is your PR strategy in terms of reaching these areas where rare species are found?

Mrs. Browes: First of all, the provisions of the bill will be gazetted. I am not sure the people you are speaking of read the Canada *Gazette*, but that would be the first process.

There will be agreements with the provinces in terms of enacting this legislation. Provincial governments will not only be informed, but they will be part of the process.

Some 400 groups have draft regulations that are presently in the public domain for discussions.

Public information programs will be undertaken in cooperation with the provinces and the territories and the non-government organizations to examine the current Canadian Nature Federation campaign in support of this bill.

Not only is the government doing a lot of work in this area, but other jurisdictions and the NGOs are all tremendously interested in this program. The Canadian Nature Federation and the Wildlife Federation have many people on the ground in communities. That is what those organizations are about. It is about people in communities concerned about wildlife and nature within those communities. Public information will be available and encouraged.

The Canadian Wildlife Service puts out more than 1 million pieces of information such as the *Hinterlands Who's Who* every year, many of which relate to endangered species.

Of course, there are 100 ambassadors within the Senate who can also disseminate information in their communities, as well as 295 in the House of Commons. We depend on elected and appointed representatives to get the good word out as well.

The program we have in place is a good one. As you know, good news does not always hit the front pages of newspapers, but the program we have in place will be very good in terms of getting information to the public and into the communities you are speaking about.

Senator Corbin: That is good information.

What part of the bill would your information program fall under? I have looked at the bill. I presume it is section 21(*j*), which reads "generally to implement the Convention." Where is the provision for what we are talking about, if any?

Mrs. Browes: Section 21(*j*), which reads "generally to implement the Convention," if we are going to implement the convention, we must inform people. I am not sure that in any legislation there is a specific part that —

Senator Corbin: Are we are talking about regulations in that section?

Mrs. Browes: The regulations are mentioned in a number of places in the bill.

Senator Corbin: But section 21 specifically reads:

> The Governor in Council may make regulations for carrying out the purposes of this Act, including regulations . . .

What follows is a whole list of regulations.

Then we come to (*j*), "generally to implement the Convention". There is no specific mention that I have seen of an information program.

Mrs. Browes: Under our Green Plan, there is a large information aspect to getting the message out. We are working on all of the initiatives and pieces of the legislation, as well as the initiatives taking place within the Green Plan. Of course, this is one of the Green Plan initiatives.

As you know, there is no need for specific authority to let the people of Canada know about pieces of legislation. It is incumbent upon any government to let the people know what you are getting at.

Senator Corbin: Not authority, but strategy. I am thinking of the poor devil in the boon-docks who could be led into elicit trade and hit by the full force of the provisions of this act. You say we are ambassadors, but I cannot reach everyone on my own.

There has been much publicity about this particular rare plant, but as you know, the fact that you talk about an endangered species is enough to attract people who then engage in an elicit plant trade. You must have a positive strategy of information.

We tend, as politicians, to identify with nature conservancies and eco-groups.

• (1020)

We understand each other very well, but the ordinary man or woman is not always privy to interesting debates such as this. I do not want to wake up one morning and hear that someone along the shores of the Little River has been put into the slammer because he did not know that a particular species of plant was protected.

Mrs. Browes: I have outlined a few of the programs we are putting into place.

A very important aspect of our Green Plan is the Environmental Citizenship Program. That program includes a specific campaign on species and spaces. The Environmental Citizenship Campaign is one that empowers Canadians to ensure that they are good environmental citizens. With Canadian citizenship comes environmental citizenship. I often think that Canadians are leading the way in terms of environmental citizenship. This campaign augments what is occurring in the communities.

The communities that I visit across Canada, and especially the young people in those communities, are very much aware of the need for environmental protection whether it is recycling, protection of a river, soil erosion, or whatever. It is very encouraging to me to see that kind of impetus coming from the education system. The Environmental Citizenship Program under the Green Plan is one we can be proud of as it relates to getting the message out; and it is one that will augment the species and spaces campaign. The World Wildlife Fund also does an excellent job on this also.

All of these programs fit together to get that message out; they do not stand alone. It is not just one campaign on one thing, it is how we perform as good environmental citizens. If reasonable care and caution is exercised, a person is simply not guilty. That is a good slogan to keep in mind.

Senator Corbin: You will give them the benefit of the doubt.

I share your enthusiasm. These are noble objectives, but you speak a lot about your Green Plan. Has it not been hit by the recent budget cuts? If so will that affect your strategy?

Mrs. Browes: The Green Plan is a $3-billion plan. The $3 billion is intact. In the last economic statement by the Minister of Finance there was mention of a 10-per-cent decrease; a $60-million decrease for this year and 10 per cent the following years. That means it will, perhaps, be delayed. There is over $12 million attached to this particular piece of legislation within the Green Plan, with some 29 person years over the next four years. The Green Plan is a six-year plan ending in 1996, so there are four more years left. That is intact. Some of it is delayed and some of it has lapsed.

The Chairman: I believe Senator Watt has something to ask as a result of Senator Corbin's question.

Senator Watt: The matter I wish to raise is probably not directly related to this particular legislation but it could be down the road. I believe it is an important element.

As Canadians, at times we are forced by the international communities to accept that certain species be put on the endangered species list. When the international community makes that move, they sometimes do not take into account that utilizing the species could also mean increasing the stock.

As you know, I am from the North. At times I have seen legislation implemented by either the federal or provincial governments which neglects the importance of the knowledge that should be available to legislators. Let me give you one example.

Approximately four or five years ago, a bird called the gyrfalcon, one of the rare species that migrates to the Canadian north and to Greenland, was put on this endangered species list. It is a white bird that has a high value in international communities—that is, anywhere between $40,000 to $60,000 per bird.

I am not trying to promote illegal marketing, but a black market for that species still exists today. As a Canadian, I feel we have not successfully defended our country in the international communities with respect to matters concerning so-called "endangered species". From our perspective, and from our knowledge as Inuit, the best way to protect these species is to utilize them, manage them closely and try to increase the stock. By turning around and placing them on the endangered species list you are telling the people not to use or market that resource. However, that does not necessarily mean that you will protect that species, or that you are moving in the direction of increasing its numbers.

I say this for the purpose of the record. Perhaps at a later date we will have a better handle on these matters. I could give you many other examples, but I want to keep my comments short and to the point. We can increase these speciesby legalizing their unitilization, thus, not forcing them to be handled through the black market. We have to be able to protect ourselves from the international communities from time to

time when we are forced to place certain of our species on the endangered species list.

• (1030)

Mrs. Browes: The honourable senator's comments go beyond the purport of this bill, but the points are well made. Canada participated fully in the Convention on International Trade in Endangered Species. I understand the argument the senator is making. At the last meeting of CITES, the standing committee was directed to explore how to deal with the particular issue the honourable senator is speaking about. The committee is to report back to the next meeting in 1994. You bring up a good point. I know that our director of wildlife has worked with CITES for a number of years and is very familiar with this issue. So we look forward to further discussion on this matter.

The Chairman: There are no further questions. Honourable senators, shall consideration of the title be postponed?

Hon. Senators: Agreed. .

The Chairman: Shall consideration of clause 1, the short title, be postponed?

Hon. Senators: Agreed.

The Chairman: Honourable Senators, do you wish me to proceed clause-by-clause?

Senator Lynch-Staunton: Dispense.

The Chairman: Shall clauses 2 to 30 carry?

Hon. Senators: Agreed.

The Chairman: Shall the short title carry?

Hon. Senators: Agreed.

The Chairman: Shall the title carry?

Hon. Senators: Agreed.

Senator Lynch-Staunton: Mr. Chairman, through you, I would like to thank Minister Browes and her officials for all their explanations and additional information. They were very helpful and we look forward to the successful implementation of this legislation and dissemination of information onit be cause, as Senator Corbin said, it is valuable and important. We look forward to the ministers return in one capacity or another, always on this side of the chamber.

The Hon. the Speaker: Honourable senators, the sitting of the Senate is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Nathan Nurgitz: Honourable senators, the Committee of the Whole, to which was referred Bill C-42, an act respecting the protection of certain species of wild animals and plants and the regulation of international and interprovincial trade in those species, has examined the said bill and has directed me to report the same to the Senate without amendment.

THIRD READING

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

Senator Doody: With leave, now.

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

Hon. Royce Frith (Leader of the Opposition): Honourable senators, this is the other side of the coin, that we do not give leave to proceed immediately with third reading unless there is good reason; one of which is that Royal Assent is being given that day, and another being that there does not seem to be any serious controversy about the bill, at least not serious enough to hold up third reading. I understand that there will be Royal Assent today.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have just been told that we can have Royal Assent at 2 o'clock.

Senator Frith: In that case, I think we should give leave.

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

Motion agreed on to and bill read third time and passed.

BILL TO DISSOLVE OR TERMINATE CERTAIN CORPORATIONS AND OTHER BODIES

SECOND READING—DEBATE ADJOURNED—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Beaudoin, for the second reading of Bill C-63, to dissolve or terminate certain corporations and other bodies.

Hon. John Lynch-Staunton (Deputy Leader of the Government): The committee reported last night, but I understand that the opposition would like to make some comments.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, it is my understanding that we are not proceeding with third reading at this time, and that we will take the matter up when we come back after Christmas.

Hon. Royce Frith (Leader of the Opposition): Do we have the committee report?

Senator Lynch-Staunton: The bill went to committee, came back last night and was reported without amendment, but I understand honourable senators on the other side would like to make some comments at third reading, so the order will stand until we meet in January.

Senator Molgat: Agreed.

Orders stands.

GWICH'IN LAND CLAIM SETTLEMENT BILL

CONSIDERATION IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on Bill C-94, to approve, give effect to and declare valid the Agreement between Her Majesty the Queen in right of Canada and the Gwich'in, as represented by the Gwich'in Tribal Council, and to amend an Act in consequence thereof, the Honourable Nathan Nurgitz in the Chair.

Pursuant to rule 21 of the Rules of the Senate, the Honourable Thomas Edward Siddon, Minister of Indian Affairs and Northern Development, was escorted to a seat in the Senate Chamber.

• (1040)

Hon. John Lynch-Staunton (Deputy Leader of the Government): Mr. Chairman, we have the pleasure of welcoming today to the chamber to discuss Bill C-94, the Honourable Tom Siddon, Minister of Indian and Northern Affairs and Member of Parliament for the riding of Richmond in British Columbia. This is his second visit to us this year, having been present in the spring on another matter of importance.

Mr. Siddon is accompanied by Ian Potter, who is Director General, Comprehensive Claims for the department, as well as Nancy Kenyon, who is a Senior Negotiator, Comprehensive Claims.

I understand that the minister has an opening statement to make on the bill, after which he will be available to take questions.

The Honourable Thomas Edward Siddon, Minister of Indian and Northern Affairs: Thank you, Senator Lynch-Staunton, Mr. Chairman and honourable senators for granting me the opportunity to come before you today to speak briefly about this important piece of legislation, Bill C-94, and its implication for the people of the Gwich'in territory in the extreme northwest corner of the Northwest Territories.

The Gwich'in land claim, the settlement legislation for which is before you today, is the product of an extensive process of negotiation going back at least 15 years in the Western Arctic in an attempt to settle finally the land and treaty rights of the Gwich'in people and the other Dene and Métis people of the Western Arctic.

Senators may recall that in April 1990, a final settlement agreement with the Dene and Métis of the Western Arctic was initialled in Yellowknife around April 9, 1990. Subsequently, during that summer at an assembly of the Dene chiefs, the comprehensive agreement which had been negotiated was rejected by the majority of the five regions in the Western Arctic that had previously consented to that agreement in April.

[Senator Molgat.]

The Gwich'in people, who live in the northwest corner of the Western Arctic, have always sought to resolve their land claims concerns and when the Dene-Métis agreement failed they approached us immediately, I believe it was in September 1990, and asked us to commence negotiation of a regional claim, which indeed we commenced. The result was that in the year 1991 an agreement was concluded and initialled, and in late 1991 a ratification vote was held where 94 per cent of the eligible members of the Gwich'in Nation, encompassing some 2,200 people, voted in support of this land claim settlement that is before us today. Ninety-four per cent ratified the agreement and it was then signed last April 22 when I was present in Fort McPherson, Northwest Territories to sign the final agreement.

The consequence of that act of having the Gwich'in Nation and Canada and the Government of the Northwest Territories sign this agreement was that, for all intents and purposes, this land claim agreement was accepted by two levels of government and the Gwich'in people. However, it then required the negotiation of an implementation agreement setting out the ways and means of giving effect to the provisions of the land claim agreement and, as well, the preparation and presentation of legislation to the House of Commons and to the Senate.

Here today we are at the final act of concluding this historic settlement of an important land claim in the lower Mackenzie River basin up to the delta and as well a small territory on the Yukon side of the boundary between Yukon and the Northwest Territories in what is called the Peel River Valley.

I am here to ask that you strongly support this legislation, which as I have indicated is overwhelmingly endorsed by the 2,200 people of the Gwich'in Nation.

I can tell you, having been present in Fort McPherson on the day of signing, that the Gwich'in have taken every measure to acquaint their people in the five communities of that region with the agreement. They have taken every measure to ensure that the children, the adults and the elders have all studied the agreement. In fact, in the hall on the day of the signing, they had the clauses and extracts from the agreement posted on the walls of the hall, in large print, in order that everyone could see precisely what was being agreed to. At the front of the auditorium behind the stage, there was a huge map of the Gwich'in territory showing where all the various parcels of land were and the resource values.

The point that I am making here, senators, is that there has been a great deal of study and a thorough awareness on the part of the Gwich'in Nation as to what they are agreeing to.

Your support will mean a great deal to the Gwich'in. This is more than a mere piece of legislation. This accord will provide the Gwich'in with the means to better determine their future. The following provisions, which I will briefly summarize, will help pave the way for increased economic and social development for the Gwich'in Nation. As a result of this

agreement, they will receive clear title to 1,550 square kilometres of land in the Yukon in their traditional hunting and trapping area in the upper Peel River Valley, as well as 22,000 square kilometres in the Northwest Territories, approximately 8,600 hundred square miles. That includes 6,100 square kilometres where they will own the sub-surface rights, approximately 2,000 square miles.

Senator Frith: How would that compare to the size of Prince Edward Island or another province?

Mr. Siddon: I would think the Gwich'in territory would perhaps be in the order of the size of New Brunswick, larger than Prince Edward Island. However, I would have to check that.

Senator Frith: That is close enough.

Mr. Siddon: That is the larger area within the settlement area, but that would not be the area of the particular lands they are receiving. Within that region of the Northwest Territories they will obtain title to a smaller parcel of land—not to be confused with New Brunswick—but that smaller parcel of land would be more the size of Prince Edward Island, senator, to be more precise.

The land claims settlement involves a payment of $75 million which will be paid out over a period of 15 years with indexing for the depreciating value of the money.

• (1050)

It also involves a share of resource royalties received from the Mackenzie River valley in the western Northwest Territories equivalent to 7.5 per cent on the first $2 million earned and 1.5 per cent on any sums of monies earned beyond the first $2 million. Those would be royalties on the production of minerals within the settlement area. On the land that they own fee simple, they would have title to all of the return on any energy or other resource development on those lands.

They will have a 15-year subsidy of property taxes on certain parcels of undeveloped land, but within the municipal boundaries of communities such as Inuvik. There are some parcels of municipal land which would normally be subject to taxation, but the Gwich'in on their lands will receive a 15-year subsidy of property taxes on such lands.

Putting the quantitatives aside, the land settlement area and the financial package, most importantly, the Gwich'in Nation will have a major role on five public government bodies which will deal with the management of lands and resources. There is, for example, an Environmental Impact and Review Board on which the Gwich'in will have the same number of seats as the other interests in the area, notably the governments of the Northwest Territories and of Canada. There is a Land and Waters Board, a Land Use Planning Board, a Renewable Resources Board, and a Surface Rights Board.

For example, what would a surface rights board deal with? It would deal with granting access to others who may have the right to develop certain interests on lands, but have to get through Gwich'in territory to get to those mineral leases. A surface rights board would administer the access and ensure access by third parties to resources that they had some licence to explore or develop.

Those, ladies and gentlemen, constitute the major elements of the Gwich'in land claim settlement agreement.

There is an annexed framework agreement which sets out a commitment to negotiate self-government. When this legislation is passed, there will be a constitutionally-protected commitment to negotiate self-government, not to be confused with a constitutionally-protected agreement on self-government. This is a commitment that the parties will sit down in the spirit of the recognition of an inherent right to self-government to see if an agreement could be reached. That agreement in itself is not constitutionally protected, but the commitment as to how it would be negotiated, time frame and the elements of such an agreement is an appendix to this land claim agreement. That should be understood, and I have tried to distinguish it from what many First Nations aspire to as an ultimate, *a priori* recognition of their right to self-government. That is not what this agreement does.

I urge members of the Senate to please give thoughtful consideration to this legislation. I hope you recognize its tremendous importance to the people of the Gwich'in territory. I know they are watching this process, as they were when the legislation was debated in the other place last week, and they certainly would be overjoyed if it could be approved before Christmas.

Senator Watt: Minister, my question is related to the corporations. If I understood correctly, there is going to be a non-profit corporation set up to administer the $75 million you spoke of. I also understand that the capital that will be administered by the corporation would not be taxable. Is that correct?

Mr. Siddon: Thank you, Senator Watt. The funds will be held by a corporate body which will be a non-profit corporate body, incorporated on behalf of the Gwich'in Nation to manage those funds, much as the Inuvialuit Regional Corporation is structured in the case of the land claim immediately to the north with the Inuvialuit people.

The funds then will be available to the Gwich'in people to be invested in ways which may earn a profit. The corporation will have the authority to make such investments. If there are earnings from those funds which are to be used for the general betterment of the Gwich'in Nation, for example, improvements to schools or housing or economic initiatives within their communities, they have the option to elect that they be protected in a trust and therefore be non-taxed.

If they choose to spin out to private corporations with a portion of the settlement funds which would be profit-making, corporations engaging in business in the public sector, then it is my understanding any such profits would be taxable, as they would with any other corporation.

There is a provision for sheltering earnings if they are to be re-invested for the common use and benefit of the Gwich'in nation.

Senator Watt: I have one supplementary question which is in a sense the bottom line of my question. I understand your explanation, Minister. Thank you.

I understand the interest derived from the capital being invested at the portfolio level into stocks and bonds and securities, is not taxable. That interest is coming directly into the non-profit corporation. However, if you disperse part of that capital by way of setting up a subsidiary into a venture type, whatever that might be, then the revenue deriving from that subsidiary will be taxable. Therefore, the subsidiary becomes taxable, but the mother corporation will not be taxable.

Mr. Siddon: My officials assure me, Senator Watt, that your explanation is better than mine.

Senator Watt: I just wanted to be sure that we were talking on the same wavelength here. I was not too sure.

Mr. Siddon: There is a means of ensuring that the interest on the principal is retained and is not taxable. However, as you point out, if subsidiary corporations are created for the purposes of engaging in some business venture, then the earnings of those corporations could be taxed.

Senator Watt: That is one of the interesting elements of this agreement.

Minister, you do not have to answer this question if you do not have the answer right off the bat. Reserves are a place where Indians do not pay taxes. If you do conduct business solely within the reserve, and if part of the capital is invested into a business venture that has nothing to do with the advancement of the political community or social needs of that community, what happens then? That seems to me to be a grey area in the settlement.

• (1100)

Mr. Siddon: The settlement agreement does not envisage the creation of reserves as they are described in the south. In that sense, the immunity from taxation which normally applies on reserves would not extend to the income derived by the investment of these funds. However, as we indicated, if they are held for the collective use and benefit of the Gwich'in Nation, then they would not be taxable. In some respects it amounts to the same thing.

These territories are not to be considered as a "reserve" in the usual sense of the word. The principle on an Indian reserve is that those who live on the reserve or engage in businesses which serve the members of that community are not taxed. However, they may not engage in business competitively with surrounding private-sector firms where non-Indian people who engage in those businesses would somehow escape tax. The tax exemption pertains only to the First Nations people living within that reserve and engaging in business within the boundaries of the reserve community.

Senator Watt: Minister, this is the first-of-a-kind settlement being sponsored by the Government of Canada for the purpose of Indians in that they are being moved out of the Indian Act concept.

Mr. Siddon: Yes, in that sense.

Senator Watt: This legislation is going in the direction of arrangements entered into by the Inuit of Quebec and the Inuit of Inuvialuit.

Mr. Siddon: The way in which this settlement corporation will operate is unique. It is not in any way constrained by the Indian Act.

Senator Austin: I have a few questions, Mr. Minister, which I should like to preface by saying that I think the Gwich'in agreement is a substantial advance in the development of the settlement process with the Aboriginal peoples. I am delighted to see it.

My first question has to do with clause 2 of the bill. I will play lawyer for a brief minute. I am puzzled by the last two lines of the clause in which there is the definition of "Agreement" followed by the words:

> . . . and includes amendments made from time to time pursuant to the Agreement.

Is this a statute that incorporates, within statutory terms, future agreements, agreements not yet made?

Mr. Siddon: There is provision that the agreement may be amended by the Governor in Council. There is a question, then, as to how such amendments would be circumscribed. That is to say, you would not want to pervert the authority of Parliament to pass legislation by allowing the Governor in Council to change the essence of that legislation in an extra-parliamentary way.

There is provision for amendment to provisions of the agreement. It is my understanding that any such amendments would fit within the parameters of the act itself in terms of its purpose and objectives.

Senator Austin: Would the practice be that such amendments would be approved by order in council so that they were made, by order in council, a part of the regulations under the statute?

Mr. Siddon: Regulation-making authority of the cabinet would pertain to amendments to the legislation; but I presume that this would not permit amendments which would violate the substance of the agreement, the principles of the agreement.

Senator Austin: That would be the general law. I am curious to see the device used in this way.

Clause 8 deals with construction. Can you explain what is meant by:

> Where there is any inconsistency or conflict between this Act or the Agreement and the provisions of any law, this Act or the Agreement, as the case may be, prevails to the extent of the inconsistency or conflict.

This is specific law relating to the agreement. I am curious because there are a number of statutes that begin with the words "Notwithstanding any other provision . . ." et cetera.

You could have used the same phrase here. I am wondering how you derived this particular clause and what is the difficulty apprehended by it.

Mr. Siddon: From the First Nations perspective there are questions about the extent to which laws of general application might supersede the provisions of this act. This clause is to assure that the provisions of the legislation, as legally described in its elements, will prevail.

Senator Austin: Particularly over the Indian Act, I presume.

Mr. Siddon: Yes, that is correct.

Senator Austin: This is how you have supremacy over the Indian Act.

Mr. Siddon: Senator, given that this agreement constitutes a treaty between the Gwich'in First Nation and the Crown, there has to be a clear recognition that in the elements, which the agreement describes as being clearly within the authority and jurisdiction of the Gwich'in Nation, they shall not be superseded by laws of general application or the jurisdictions of other governments, for example, municipal governments. In areas in which, as with any legislation, this agreement is silent, the laws of general application would continue to prevail.

Senator Austin: I think that is a good rule, but I would like you to acknowledge that it will provide a basis on which the Indian Act, in certain of its applications, will not affect this particular agreement.

Mr. Siddon: In a broader sense our objective is to gradually introduce legislation, whether in the area of land claim settlements or self-government agreements, which supersedes where individual First Nations choose as an option a set of arrangements with Canada that differ and vary from the Indian Act. This type of legislation will provide that exemption from the Indian Act.

It is being pointed out to me that nothing in this agreement shall affect the status under the Indian Act of any Gwich'in or of any Indian band in the settlement area. Thus, there is nothing in the agreement to negate any of the privileges or benefits that the Gwich'in would enjoy under the Indian Act. As well, in matters where this legislation may be inconsistent with the Indian Act, the Indian Act does not prevail. The Gwich'in legislation would prevail.

Senator Austin: Do you recall, Mr. Minister, how this particular issue was handled in the Sechelt agreement which was also incorporated in a statute of Parliament?

Mr. Siddon: No, I do not.

Senator Austin: It was done in a different way, and I am rather interested why.

Mr. Siddon: I cannot answer your question today, senator.

Senator Austin: It will be pursued at another time.

Mr. Siddon: We will get you a note of explanation.

Senator Austin: The most important part of your statement this morning I thought related to the self-government agreement to be negotiated. Could you tell us the principle issues in that self-government agreement?

Mr. Siddon: Senator, under appendix B of the Land Claim Agreement to which you would have access, we look at section 4.1. This appendix is entitled Self-Government Framework Agreement. As I referenced in my opening remarks, this is the annex item to the agreement.

Section 4.1 states that self-government negotiations shall address and self-government agreements may include the following matters in a manner not inconsistent with this agreement. First are structures and procedures of the Gwich'in First Nation authorities and the Tribal Council or its successor, including the development of Gwich'in First Nations constitutions. That has to do with the structuring of the governmental institutions.

Second is the accountability of the Gwich'in people of the Gwich'in institutions. Third is legal status and capacity of the Gwich'in First Nation authorities. Fourth, it will contain new rules on membership. Fifth are provisions with respect to culture and language.

Then we move into a series of operational issues over which the governments may negotiate authorities under the future agreement, such as housing, taxation or raising of revenues, education, training, social services, health services, and a long list, I think probably some 20 areas, culminating in matters relating to procedural concerns such as future amendments of the self-government agreements. There is a very comprehensive listing in appendix B.

Senator Austin: It is a very important part of the relationship between the Canadian community and the aboriginal peoples to see the way in which their self-government wishes are developed in a context which meets our Charter of Rights and the general principles of law relating to the status of individuals in Canada.

Can you describe how the Gwich'in Tribal Council is comprised? Is it comprised by hereditary devolution? Is it elected, in what we would call a democratic forum?

Mr. Siddon: There are four communities in the Gwich'in Territory; Aklavik, Inuvik, Fort McPherson and Arctic Red River. Each has a chief, but within each of those communities there is also a Métis population. Each Métis population has an organization called the Métis local, where a president is elected to preside over that local.

There is provision in the agreement that the Gwich'in Tribal Council will be comprised equally of representatives of the four communities drawn from both those locals and the status Gwich'in Nation. According to the agreement, they all have an equal role in the structuring and administration. They are all elected essentially by the electoral procedures that are set out in the Indian Act as alternatives to customary means of leadership selection.

Senator Austin: The contracting party under the agreement, the Gwich'in Tribal Council, is today composed of representatives of the four tribal groups, representatives who live within municipal boundaries, and Métis. Will the Métis be given status as members of Gwich'in under the 1921 rule?

Mr. Siddon: No, under the 1921 Treaty 11, there were special arrangements to recognize the Métis, but not to grant them the status which is normally accorded under the Indian Act, nor will this agreement grant them status as we normally describe it.They will have all the rights and privileges and will share in the benefits of this land claim settlement agreement, as with the Gwich'in status natives who are parties to the agreement. They will not be essentially granted full status as we describe it under the Indian Act.

Senator Austin: So in terms of the Gwich'in culture, they will be a classless society, but under the Indian Act, our society will continue to impose the distinctions of status Indians and Métis upon them.

Mr. Siddon: They have chosen to describe themselves as the Gwich'in Nation and to accommodate their differences in a very positive way. But we still have this framework, this hierarchy, which applies under existing federal legislation.

I am reminded, Senator, that if a self-government agreement is successfully negotiated, it could presumably erase any remaining distinction between the Gwich'in and the Métis.

Senator Austin: Exactly. I find that the most promising part of the entire exercise. Is there a timetable for negotiations? Has a budget been set up to allow for the cost of negotiations, particularly by the Gwich'in?

Mr. Siddon: By virtue of approving this settlement agreement, which incorporates a framework for negotiating self-government, we are committed to funding those negotiations. There is no timetable in the sense of a land claim process, where we normally agree to agree at certain stages by certain dates. There is a time framework for negotiation, but it does not have specific dates associated with it.

Senator Marchand: First of all, I congratulate the minister and the Gwich'in people for making this agreement. It has a lot of elements in it which are very good. I suppose, as an Indian from British Columbia, I am looking at this agreement with envious eyes in lots of ways.

The Gwich'in people made some important decisions on their own. Obviously, when 94 per cent of the people approve a deal, it must have something pretty good about it in terms of benefiting those people.

I did a little arithmetic yesterday when I was sitting here, as we were talking about the bill. In rough figures, the land area of this settlement is about 9.48 times as large as all of the land that we own, as Indians in British Columbia. I hope, Mr. Minister, when you get around to negotiating the Okanagan settlement, that maybe you can do as well for us as you did for the Gwich'in. That may not be possible.

I must admit, I really have not digested the whole agreement in terms of what it all means. Do you have a summary? This is not considered a reservation in the sense of the Indian Act. Can you tell me the differences between the land here and reserve lands held in southern Canada? What are the essential features? Are there any major differences?

Mr. Siddon: First, because these lands are located in the Northwest Territories and there are certain services and programs that Indian and Métis people in the Northwest Territories receive from the territorial government, their relationship with the Crown is somewhat different. For example, the northern affairs side of my department makes transfer payments to the governments of the Yukon and the Northwest Territories and they, in turn, provide housing, health care and other benefits, as a provincial government would to the general population.

This is an administrative convenience because the majority of people in the north are Aboriginal. With the exception of Hay River, there are no Indian reserves per se north of the sixtieth parallel because many of the services and benefits are delivered by the territorial governments. Therefore, the communities are not necessarily constrained to living in small enclaves which would normally be called "reserves". Their housing and other needs would be met wherever they lived.

You mentioned the conflicts that First Nations people have with non-native, urban societies, such as in the Okanagan. You do not have those kinds of problems in the north so it has not been customary to create reserves, as you would understand them, in the north.

I believe that, under this land claim agreement, we are closer to the preferred relationship because no reserve is to be created. The lands are to be owned in fee simple, but those lands cannot be sold.

Senator Marchand: Did you say that all of these Gwich'in lands are held in fee simple?

Mr. Siddon: They are owned by the Gwich'in nation, but in common title. They will not be federal lands held in trust. They will be their lands held in fee simple, administered by the development corporation and the Gwich'in First Nation, ultimately by the First Nations' government, if that kind of agreement can be successfully arrived at later. But they cannot sell those lands piecemeal for short-term profit. The land base must be preserved and protected for future generations in recognition of an Aboriginal title situation.

Senator Watt: They cannot sell it to a non-Indian, but could they sell it to each other like they can on a reserve?

Mr. Siddon: As I understand it, they cannot subdivide the parcels and sell them individually. They can lease it, as would be the case on a reserve, but the land base cannot be sold away from the collective ownership by the Gwich'in Nation.

Senator Marchand: Do you mean that individual ownership in these lands is prohibited?

Mr. Siddon: It could only be done on a lease basis.

Senator Marchand: They cannot, for instance, as they can on an Indian reserve, get a certificate of possession?

Mr. Siddon: Yes, there can be that kind of an arrangement, but they could take a mortgage —

Senator Marchand: Wait. Can someone get a certificate of possession on the Gwich'in lands?

Mr. Siddon: It would be a form of lease. It would not be called a certificate of possession but the holder would have tenure for a prescribed period to a particular parcel of land.

Senator Marchand: On the question of taxation, monies earned on a reserve by a status or treaty Indian is not taxable. Do they have the same consideration on the Gwich'in lands?

Mr. Siddon: If members of the Gwich'in Nation operated a business on a land parcel that was leased from the nation, and operated that business in competition with other public sector businesses, they would pay tax as individuals on their profits or their earnings. But any corporate profits earned by the First Nation as a result of investments made in providing services to their own people would not be taxed.

Senator Marchand: I am not sure I really understand the implication here. That is a large difference from being on a reserve. If an individual earns income on a reserve, it is not taxable. You are saying that it is not the same for an individual Gwich'in person under this agreement. If they earn income on that Gwich'in piece of territory, the individual must pay income tax just like any other individual? Is that the correct interpretation?

Mr. Siddon: Well, senator, the fact is that there have never been reserves in the north, as you would understand them. Most people engaged in business in the public sector in the north have been subject to taxation on earned income. In this case, the Gwich'in have accepted that requirement insofar as individual use of lands over which they may have some leasehold interest. But any earnings in the name of the corporation, or the Gwich'in Nation, which result from services of benefit to the Gwich'in people, would not be taxed as a collective. There is a distinction there.

Senator Marchand: I am still not really sure that I understand what you are saying. I understand that there have never been reservations in the north. The Inuit have paid income taxes like everyone else. They had the vote a long time before we did, although they did not use it much.

Are you saying that, if an individual Gwich'in person worked for the corporation, or in a business that was owned by the corporation, for the benefit of the Gwich'in people, that individual would not pay tax on those moneys earned?

Mr. Siddon: We must distinguish between an individual as a tax-paying citizen of Canada or of the Northwest Territories. The Gwich'in do not choose to distinguish themselves from other residents, so personal income taxes will be paid on salaries or income earned from business.

However, the corporation which holds the title in trust, rather than the Crown, and is accountable to the tribal council and elected leadership, would be exempt from taxation on any non-profit uses to which the legacy, the cash or the land, is put. But individuals who live there, Gwich'in, Métis or otherwise, will be paying taxes as citizens of that part of the Northwest Territories.

Senator Marchand: That is a very large difference between the reserves in southern Canada and this land base of the Gwich'in in the Northwest Territories.

Mr. Siddon: The other way to look at it is: That is the way it has been. That special tax exemption has not been granted in the past where there were no reserves, but the taxes pay for some portion of the cost of the services delivered, both by the territorial and federal governments, to people who depend on those services, whether it be education, health care, highways or what have you.

Senator Marchand: I have some administrative questions. Is there a timetable available for the settlement of other claims in the territories such as those by the Dogrib and Métis?

Mr. Siddon: Senators might be interested in a quick review of the progress of the claims across northern Canada at the present time. As senators will know, in early November, we saw the successful, indeed overwhelming, ratification of the Nunavut land claim with the Inuit of Eastern Arctic. It is my hope that, in the session of Parliament to open in February, we will bring forward Nunavut settlement legislation similar to this. That would encompass not only the land claim agreement, but also something to be called the Nunavut Act or an act to establish a new territorial government in the eastern Arctic.

• (1130)

In the western Arctic, we are dealing with first of five regions. The five were encompassed under the earlier Denes-Métis agreement which failed.

Immediately south of the Gwich'in area along the Mackenzie River is the Sawtooth territory. We are close to concluding—I hope to signing—a settlement agreement similar to this one with the Sawtooth people. It too will be based on the principles and elements of the original Denes-Métis agreement, as adapted to this particular regional claim. If there is a successful signing, I would hope that ratification and legislation might also be accomplished before the summer of 1993.

The area to the south of that, in the North Slave region, is the area of the Dogrib people. They have now approached us with a request to commence negotiations of a third regional claim.

There are still two southern regions, the De Cho and South Slave where the Denes people seem to prefer to have their rights fulfilled under Treaty 8, which was signed in 1899, whereas they were previously prepared to be part of a brand-new comprehensive land claim. They appear to be moving toward claiming their rights under Treaty 8, which have never been fully granted because the land base that had been

promised was not selected and they did not consent to establishing reserve communities as provided for or envisaged under Treaty 8.

There are 14 First Nations in the Yukon. They have collectively agreed to settle under a framework agreement which was passed and agreed to in 1990. We have now, I believe, successfully negotiated four First Nations final agreements—4 out of 14 — and there are self-government agreements associated with those, all of which will be coming to Parliament early in the new year. I hope that by summer we might have brought to this chamber at least four First Nations final agreements in the Yukon, and the Nunavut agreement, and perhaps the Sawtooth.

Senator Marchand: Mr. Minister, it is my hope that in the next go-round we could perhaps go into regular committee rather than Committee of the Whole. We appreciate you appearing before us today and are anxious to pass the bill, like everyone else in the Commons.

These are very important agreements, and it is most important to see a good parliamentary record. That was not the case with this particular bill. As parliamentarians, we need to examine these matters a little more than we are in this case. We surely do not want to hold the legislation up. This bill will pass today, but it would have been useful for us to understand completely the implications of all agreements.

You used the term "nation" for the Gwich'in nation and others. Is this considered a nation-to-nation agreement?

Mr. Siddon: It has been my practice to respect the terminology that individual Aboriginal societies wish to use to describe themselves. The terms "First Nations", the "Assembly of First Nations", and "nation-to-nation relationship" have become part of the established lexicon or language of discussing Aboriginal relationships in the past two or three years. On the other hand, it should not be seen that a minister of the Crown using the term "Gwich'in nation" to describe the Gwich'in nation is implying a recognition of national sovereignty independent of Canada. I would not want that to be misunderstood.

We respect and understand the approach that First Nations take. They have a special nation-to-nation relationship embodied in treaties. The Gwich'in land claim settlement agreement will become one such treaty.

Senator Marchand: I guess the Aboriginal peoples of Canada had a very generous immigration policy.

Mr. Siddon: And we are all very fortunate for that.

Senator Marchand: I have one last question. I have to ask it as a British Columbian.

The treaty process you have set up in B.C. can be very useful. Where does it stand now? Have you appointed your members to the group? Has the province appointed its members? Our people have appointed our members.

While you are commenting on that, perhaps you could discuss the Nishga claim. It is being negotiated. Are you optimistic that the Nishga negotiation can be completed soon?

Mr. Siddon: That is a timely question. If senators will permit me, I will take a few minutes to describe an historic process unfolding in British Columbia.

As senators may realize, most of British Columbia, from the Aboriginal perspective, could be described as unceded land or unsurrendered land.

Senator Marchand: It is our land.

Mr. Siddon: Senator Marchand knows that others have not seen it necessarily the same way, including a chief justice in a recent court decision in the province of British Columbia.

Senator Marchand: He was wrong.

Mr. Siddon: That is a matter of contention which led Chief Justice Allan MacEachern to say that it was time to sit down and seriously negotiate a treaty relationship between the First Nations of British Columbia and all other British Columbians. In fact, since my appointment as minister, it has been a priority of mine to find a way to turn a corner of history and get this long overdue process started.

It was in 1910, I believe, that a former prime minister, Sir Wilfrid Laurier, travelled to Kamloops—the senator's home area—and sat down with the leaders of an assembly of the interior First Nations and received a petition called the Laurier Memorial, if I recall correctly, which insisted that the Dominion Government immediately commence treaty negotiations as they had across the prairies when the CPR was built and the numbered treaties were negotiated. The prime minister at the time listened with great interest and, to my understanding, returned to Ottawa with the hope that some process might be undertaken. A commission was established—the McBride Commission, if I recall correctly—and then the First World War came along and the expected commencement of negotiations did not occur.

It is 1992, 82 years later, and we have finally, as of September 23, seen an historic agreement signed involving the Prime Minister of Canada, the Premier of British Columbia, and the representatives of the majority of British Columbia First Nations to establish a treaty commission. This treaty commission would be comprised of representatives of the First Nations as appointed and selected by the summit of chiefs and representatives of the federal-provincial governments.

The question Senator Marchand is asking this: When will the treaty commission begin its work?

Since this past summer, we have been working to achieve consensus on who shall be the chief commissioner. This would be a very important assignment. The commission will only be as effective as the impartiality of the chair and the structuring of the membership, so that this is a commission

that leaves self-interest at the door and sits together to facilitate the preparations for land claim negotiations and self-government negotiations in British Columbia.

Senator Frith: It sounds like heaven, where you leave self-interest at the door. Rather high expectations.

Mr. Siddon: In this case it has to happen, Senator Frith, because the future of British Columbia will depend on the harmonious process of negotiation. If five members of a commission have all come to a table to decide who shall be first and how all the various conflicting interests shall be satisfied that there is a fair and impartial process, they must leave their self-interest at the door.

• (1140)

The whole purpose of the Treaty Commission is to act as a keeper of the process. In that respect, it must be above question in its operation. That is why the chief commissioner's appointment is so critical. I cannot divulge how close we are or who in the chamber might be under consideration, but the minister for the provincial government, the Honourable Andrew Petter, myself and two or three of the First Nations' chiefs are very close to reaching a decision on the appointment of the chief commissioner. After that we will complete the naming of the commission and it will begin its work early in the New Year.

Senator Marchand: I have one last comment. I should like to give you some of the history behind this.

In 1973, just after the judgment in the Nishga case, the government announced the policy of negotiating claims. At that time I was parliamentary secretary to Jean Chrétien, the then Minister of Indian Affairs. The first people we went to was the Government of British Columbia and met with the NDP government of the day. We were totally shut out.

Mr. Siddon: That is right.

Senator Marchand: Successive British Columbian governments have not been forthcoming. This is one of the large stumbling blocks in the settlement of claims in that province.

I hope you can understand why many of us are somewhat sceptical of what is happening out there. We want to see some movement and action. We want to see some real land claim settlements for our people.

My interpretation of Article XIII, of British Columbia's terms of union with Canada, is probably different from that of the provincial government's of the day in B.C., but I believe that you, as the federal minister, have a strong hand in Article XIII. It is that their clear obligation as the government of the Province of British Columbia is to provide you with lands for settlements to Indian people.

Mr. Siddon: It was a previous government in the early seventies, after the Calder decision in the Supreme Court, which recognized that land claims should be settled. A new, comprehensive claims policy was brought forward at that time. Frank Calder, who was the principle involved in the Calder decision, was a Nishga hereditary chief. The Nishga claim was one of the first, if not the first, comprehensive claims selected for negotiation.

For almost 20 years now we have sought to negotiate and settle the Nishga land claim but have been frustrated continually because of the province's refusal to join in those negotiations. Most of the affected jurisdictions, which would have to be major elements of a land claim negotiation, are provincial. Under section 92 of the Constitution, the provincial participation is mandatory.

I would conclude by saying this: It may seem surprising, but I went to the Honourable Mr. Vander Zalm in April of 1990 and said, "It is time we ended this historical injustice. British Columbia must come to the table." To his credit and to his government's credit, they agreed to do so in the summer of 199O. Subsequently, British Columbia has agreed and consented that they have an obligation to be a full partner in the negotiation of land claims for British Columbia.

Senator Twinn: This is a good agreement. This should also be none of my business. The Gwich'in people have dealt with the government and are happy with the outcome. I should like to see their self-government proposal go through without too much interference.

Senator Austin claimed his protection of the noble red man by stating that the Charter and everything else must go. If there was, say, a mega project in these lands such as heavy oil, hydro, or whatever, and the situation happened to change with respect to membership, would the land claim overlap? What if it is said that an individual cannot have title to that land? How does economic development happen in such a project? What kind of referendum would be held to agree on a surrender of land when a lot of different people have a say in it instead of those involved in self-government? If the people involved can come up with a solution, there should be less interference from government and do-gooders.

I am issuing a warning to the people who do that because, in real life, that is what occurs. Hearing Senator Austin's comments made me nervous. The Mennonite and Hutterite colonies were able to develop and be self sufficient because of the agreements they have. I can immediately envision the issue of individual rights being raised. It would make me nervous if we were to see any development other than what we have presently, for example, where people want to develop vacant lands.

Mr. Siddon: Does Senator Twinn want an answer?

The Chairman: I trust Senator Twinn did want a response to his concern.

Mr. Siddon: Senator Twinn is properly concerned about the tension between individual rights within an Aboriginal community, the rights of the collectivity, and those who speak for the collectivity. He has personal experience. I will not go into the discussions he and I have had about the self-government agreement with respect to the Sawridge band, but if a particular First Nations' group, comprised of a particular membership, has an asset, for example land or funds, the

question is: Who will have a say over those assets and how will the collective value of that asset be protected and preserved for future nations? Will people who do not live in the community have an interest in those assets: the land, the dollars, the development of some kind and the mega projects?

This is where we have to wrestle with the basic question of whether the chief and council or the elected representatives within the community will have the ultimate say with respect to the disposition and management of those assets or if others, who may not live there but claim to be members and are recognized as being members of that society or community, have equal rights. It is my understanding that this settlement agreement grants to all members and participants equal interest in the assets of the Gwich'in nation. I presume if they happened to live in Vancouver, but were recognized to be members of those families who constituted the electors by which the chief and council or the presidents of the Métis locals were elected, they would have equal interest.

• (1150)

The problem that Senator Twinn has arises with some Indian reserves and communities which may have oil and gas revenues or land assets and some people who got married and left may now want to come back and claim an interest in those assets, yet the chief and council may not agree that they should be equally entitled to sharing in those assets. I believe that this matter has been adequately addressed with respect to the agreement before the chamber today, but it does not solve the problem that could arise in other aboriginal communities where the chief and council resist granting outsiders who may be members of that community, an equal share in those assets. That is a problem for another day. Presumably when the Sawridge self-government legislation comes here, we will have the answer to that question.

Hon. Willie Adams: Mr. Minister, I have one question. There are two settlements, Aklavik and Inuvik, and I want to know what will happen with the people who live there. I wonder how the council will work in this area. The people are mixed. There are Innu and some Aklavik and there may be some Indians, all close together. Will the agreement have to be between the Gwich'in and the tribal council?

Mr. Siddon: One of the interesting features of the population and the communities in that area is that there has been considerable intermarriage over many generations; among the Inuvialuit and the Gwich'in and the fur traders who came from Scotland and elsewhere. There are some very familiar names in the Inuvialuit and Gwich'in families that are more European. Then there are the Métis peoples. So in communities like Inuvik and Aklavik, there are people of Innuit and Inuvialuit and Indian or Gwich'in heritage and then there are those who may be some of each or intermarried with Irish, Scotish or others who came later. A provision of this agreement says that there will be no—around here we call it "double dipping" but I think you know what I mean. You can be a beneficiary of only one settlement agreement or the other by election. So in a particular family, a member would chose as between the Inuvialuit agreement which they would have opted into when it was passed 1984, I believe, or this agreement; but they could not be members of both groups or nations at the same time.

I am reminded that in regard to territorial interest, there is an overlap agreement. The Inuvialuit IRC or the Inuvialuit leadership have agreed with the Gwich'in leadership on how to resolve disputes in an intervening area where they might have, for example, joint hunting and trapping rights.

Senator Frith: The cash element is $75 million over 15 years and then some royalties. Will the royalties be flowing right away or are these future royalties?

Mr. Siddon: These are royalties tied to the earnings from the exploitation of oil, gas and minerals. It is from the whole area of the Mackenzie Valley, not just their own lands. Perhaps I misled senators inadvertently in my earlier comments. If natural gas or oil is discovered and produced in the Mackenzie Valley area within the Gwich'in settlement area, not there own territory but in the larger settlement areas, they will receive royalties. On the first $2 million of royalties they will receive 7.5 per cent and any royalties in excess of $2 million they will receive 1.5 per cent.

Senator Frith: Who gets the $75 million paid out?

Mr. Siddon: The tribal council will establish a trust account and receive the annual payments over 15 years.

Senator Frith: The trust instrument has whom listed as beneficiaries?

Mr. Siddon: They are creating a nonprofit settlement corporation provided for in the legislation, which will hold these payments for the common use and benefit of the Gwich'in people.

Senator Frith: Is that the usual pattern? Does the money usually go to some corporate entity?

Mr. Siddon: Under the modern land claims agreements that has been the case. For example, in the James Bay and northern Quebec agreement and the Inuvialuit agreement just to the north of this, such corporations were established.

Senator Frith: Are the corporations usually set up to receive the money or do they pre-exist the settlement?

Mr. Siddon: They are set up as a provision of the land claim settlement agreement. Under the Indian Act, Indian communities are not allowed to hold funds. The act requires that they be held in trust by the Crown and under the authority of the Minister of Indian affairs.

Senator Frith: Do these corporations have the ability to invest the money in securities, on the stock market or in enterprises?

Mr. Siddon: As I was explaining earlier, there are two options as to how the corporation might invest these funds. They can invest them in private, open market ventures. For example, the Inuvialuit Regional Corporation invested heavily

in the initial years of receiving payments in real estate outside the north where they could secure those funds and generate some reasonable rate of return on them. If on the other hand they want to achieve tax exempt status on an investment, there are qualified investments that are governed by a registered retirement savings plan for a trust and there is a provision in paragraph 146(1)(g) of the federal tax act, which defines those kinds of approved trusts to which the development corporation could invest funds and be tax exempt.

• (1200)

As for the registered retirement savings plan, it has to be held for one's own future use and benefit, rather than the profit drawn and used for some individual purpose and not the collective purpose and benefit of the whole community.

Senator Frith: Have any of them ever failed in the sense that their liabilities exceeded their assets?

Senator Watt: Yes.

Mr. Siddon: We do not have many examples to point to, but I am advised by my officials there have been no failures to date.

Senator Frith: Perhaps you can offer an explanation, because I was unable to provide an answer when asked the following question. A land settlement is made and money is paid out of the Consolidated Revenue Fund. In the area covered by the agreement, conditions exist of social depression such as bad housing, behavioural problems, health problems, and education needs. Does an agreement entered into ever state that so much will have to go for housing, or to hire so many social workers? In other words, do we ever ask that the money address the specific problems that are raised by those living in the area? Usually the money goes to a corporation or some form thereof.

Mr. Siddon: I understand the essence of your question, senator, and it often arises.

Senator Frith: If I was asked the question, you must be asked it more often.

Mr. Siddon: I have heard it a thousand times.

Many people say that this is all well and good and it is time we settled these historic injustices, but when they receive this payment, should those funds not be used to look after their social needs? Perhaps that is going further than the question that you posed.

Senator Frith: That was about the way it was put to me.

Mr. Siddon: That is an instinctive reaction of many non-Aboriginal Canadians. I would answer it in the following manner.

There are Aboriginal communities, particularly the more remote ones, where there are some appalling human conditions. Ever since the Indian Act was passed and the Crown accepted an obligation to provide for the needs of Aboriginal peoples, in fact going back to the time of the Royal Proclamation, we have attempted to solve those problems by setting aside a land base, which became known as a reserve, and promising that we would provide education, health care, housing, shelter, all those things provided in the early treaties and that the Native people need not worry, everything would be fine and eventually they would be just as prosperous, well-educated and successful as we are. It has not worked.

That system of paternalism has robbed many First Nations people of the freedom to make choices, to make mistakes, to achieve success that are part of the way our society works. I know from my discussion with Senator Twinn, for example, that many chiefs and First Nations want to get out from under that situation. They want to have the financial and real estate assets in order to build self-reliant communities.

To say that with the signing of a land claim agreement that all of a sudden, overnight, everyone will be fine and they should go out and look after all those needs with this modest compensation for all that we have enjoyed, that in some ways we usurped or acquired without their consent, is to take a rather short-sighted and irresponsible point of view. The people of Canada and the members of this eminent institution must continue, within our means. We must provide for the needs of these people. However, we must not be the sole providers at the cost of essentially destroying their desire to succeed and to achieve according to their own priorities in their own way.

These funds and these lands are the asset base from which much stronger communities will emerge with education and with the ability to govern themselves and make those choices. With the land and the funds, hopefully these communities will eventually become self-reliant or more self-reliant.

Meanwhile, the programs presently available through the Department of Indian Affairs, or by the significant transfers we make to the two territorial governments, must continue to provide for their social needs, whether or not they have signed a land claim agreement.

I hope I have answered your question.

Senator Frith: The old paternalistic system, as you described it, to solve those social problems and appalling conditions did not work. In your opinion, is the new, more enlightened system, working to solve those problems?

Mr. Siddon: Having travelled from end to end and into the high Arctic of this country and met chiefs and councils and the young, well-educated leaders who are emerging, I am very hopeful that we will see a dramatic change in the relationship between First Nations and other peoples. With the progress we are making on land claims, with the increased priority we are devoting particularly to education and advanced education, with the recognition of this right of self-government, whether it is at the constitutional level or more arising from devolution of administrative responsibility for schools, roads, programs at the community level, with that combination of education and self-government and a land base, we are already seeing certain communities evolve as role models for others of how to succeed and survive in a modern, technological age, and yet preserve their customs and traditions. I am very hopeful.

It will not happen this year or next year. It will take one or two generations to be fully realized and for the children of Aboriginal communities and the housing and economic opportunities to rise to a relatively equivalent level to those enjoyed by all other Canadians. When we look back in history, we will see this period to be one of significant change.

Senator Frith: You are hopeful that trend is towards the solution of those problems?

Mr. Siddon: I am a believer that people are most likely to succeed —

Senator Frith: I mean the problems of individual people who are living in those places.

Mr. Siddon: I believe that human beings have an instinct for success and survival. If the people of the First Nations are freed to pursue those goals, they will to a better job than we have over all those decades.

Senator Frith: I realize that the individual collective right question is more complex than it might appear. I take it as a inference or corollary from a question you answered earlier that when these funds are paid, they are under the control of a band council as the trustee and that in general terms, subject to the difficulties of definition, the Seneca Trust or the beneficiary are the individuals members of the band or of the unit. Do the individuals have, if they qualify, an enforceable claim on an individual basis?

Mr. Siddon: They have an equitable voice and can demand accountab*ility* of their leaders in the manner in which these funds are administered.

• (1210)

Senator Frith: Within the general framework of trust law?

Mr. Siddon: Yes.

Senator Watt: I would like to congratulate you, minister, for stating the obvious fact that Aboriginal people also have the right to make their own mistakes, just like any other people in this society. That is an encouraging note.I think we all believe that.

Mr. Siddon: Thank you very much.

Senator Watt: I believe we are all travelling in that direction, whether we are Inuit or Indian.

I would like to go back to the point raised originally by Senator Austin, and referred to by Senator Frith, and that is: The collective versus the individual. I might very well be the person who has been involved in the implementation of the modern agreement longer than anybody else in Canada; and I also have long-term experience in dealing with the question of the collective versus the individual.

I was very much encouraged by the fact that you mentioned this modern agreement does not solve everything in relation to collective rights versus the rights of individuals. Unlike my friends opposite, I have always been a little nervous, that an individual may be overridden by collective notions.

In law, corporations that are administered collectively are recognized as an artificial person, one person, and in respect of this particular arrangement it creates a very difficult situation which we will have to deal with somewhere down the line. It cannot be accomplished by the modern land claim settlement. It would have to be dealt with as an issue in isolation from everything else.

Let me use as an example the Charter of Rights and Freedoms within the constitution which is supposed to protect individuals from the wrongdoing of the government.

Let us consider the position of a corporation— the artificial person.Corporations are normally administered by people who are elected to do that job. At times, as you well know, those elected people react to political pressure from their own collective. That could have implications in regards to financing, land rights, individual rights, property rights, and family relations. Implications in this area are far-reaching. As long as you retain power you can control that corporation. Having a clear policy as a guideline is very important. If you do not have that, one elected person could have a tendency to entirely disregard individual rights. What I am basically saying here, Minister, to put it on the record, is that is something we will have to deal with down the road.

What we are calling for through the negotiations, and as we emphasized throughout the constitutional negotiations, is that we be allowed to protect ourselves from ourselves. We are no different from anybody else. We react to human pressure, and to other pressures. Sometimes we make mistakes too, just like anybody else.

We must build, within the constitution, protections similar to those that the individual in society has from the wrongdoing of the government. We need a Bill of Rights to protect ourselves, as an individual people, from the collective; or vice versa. Before we go too far in administering the complexity of those modern agreements, we must move quickly to facilitate that element; to have the right to protect ourselves from ourselves. I am sure you understand what I am talking about.

Mr. Siddon: Thank you, Senator Watt, I certainly do understand the point that you are raising, and in fact, it became a matter for discussion during the debate of the Charlottetown accord. There was the conflict or apparent conflict between the interests of, for example, Aboriginal women on the one hand and their desire to have the protection of the Charter of Rights, and the belief, on the other hand, of First Nations leadership that their cultural and historical rights as collectives should not be fettered or diminished by adherence to some modern concept of individual rights.

In the final analysis, I believe the United Nations Charter on Human Rights is a model for all nations. In developing new relationships—we call them self-governance agreements—we will have to ensure that the rules of membership, the constitution of the governments, and the accountability of

those governments to all of the people as individuals are properly built into the system of government that results, and I think Senator Watt is saying that.

In the case of this particular land claim agreement, there is provision that any restructuring or any organization with respect to deciding how the assets shall be administered shall treat every individual as an equal, but that is not exactly a charter of individual rights as the senator suggested it. When we start negotiating a self-government agreement as provided for here, there would have to be a more rigorous approach taken to that question, as there would be with other land claims agreements as they come forward.

Senator Watt: Thank you.

The Chairman: If there are no further questions, I would thank the honourable minister on behalf of senators. I would also thank the officials who accompanied him.

Senator Lynch-Staunton: Mr. Chairman, on behalf of the committee, I, too, would like to join with you in thanking Minister Siddon for having given so much of his time to discuss not only the agreement which is contained in this bill, but also broader issues touching upon native people, something with which not enough of us are familiar.

Senator Frith: I cannot imagine how his time could have been more usefully spent.

Mr. Siddon: I look forward to being with you again soon.

The Chairman: We shall now proceed with the clause-by-clause consideration. Shall the title be postponed?

Hon. Senators: Agreed.

The Chairman: Shall the preamble be postponed?

Hon. Senators: Agreed.

The Chairman: Shall Clause 1, the short title, be postponed?

Hon. Senators: Agreed.

The Chairman: Shall Clause 2 carry?

Senator Lynch-Staunton: I move that the clause-by-clause consideration be dispensed with.

The Chairman: That being the agreement, I will put the question. Shall Clauses 2 to 11 inclusive carry?

Hon. Senators: Agreed.

The Chairman: Shall the preamble carry?

Hon. Senators: Agreed.

The Chairman: Shall the short title carry?

Hon. Senators: Agreed.

The Chairman: Shall I report the bill without amendment?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, the sitting of the Senate is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Gerald R. Ottenheimer: Honourable senators, the Committee of the Whole, to which was referred Bill C-94, to approve, give effect to and declare valid the Agreement between Her Majesty the Queen in right of Canada and the Gwich'in, as represented by the Gwich'in Tribal Council, and to amend an Act in consequence thereof, has examined the said bill and has directed me to report the same to the Senate without amendment.

THIRD READING

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(b), I move that the bill be read the third time now.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I presume it is still the intention of the government to have Royal Assent today.

Senator Lynch-Staunton: Yes, at two o'clock.

Senator Molgat: We grant leave, honourable senators.

Motion agreed to and bill read third time and passed.

[*Translation*]

PUBLIC SERVICE REFORM BILL

THIRD READING

Hon. Roch Bolduc: Honourable senators, I move that Bill C-26, an Act to amend the Public Service Employment Act, the Public Service Staff Relations Act and other Acts in relation to the public service of Canada, be read the third time.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Senators: Agreed.

Senator Bolduc: Honourable senators, last night I tabled the report on our study of Public Service 2000 which is closely connected with this bill. At the same time, I tabled the committee's report on Bill C-26. In other words, there are two reports of the Standing Senate Committee on National Finance on matters relating to Bill C-26.

[*English*]

Honourable senators, your committee's reports on the 1992-93 Estimates and on Bill C-26 are closely related, and I crave your indulgence to address my remarks to them both.

The fifteenth report presents the findings of the committee's extensive study of Public Service 2000, which is a multi-faceted, ambitious initiative designed to implement the government's vision of a more flexible, responsive, effective and efficient public service for the needs of Canadians into the

next century. As I have noted previously in this house, 90 per cent of PS 2000 consists of administrative reforms that do not require legislative changes and that are already being put in place. The remaining 10 per cent require amendments to the Public Service Employment Act, the Public Service Staff Relations Act and other acts, which are the subject of Bill C-26.

Honourable senators will be aware of the committee's ongoing interest in administrative efficiency and effectiveness which was illustrated in a number of previous reports including one in January 1991 on the program evaluation system in the Government of Canada. The report on Public Service 2000 is very much in the spirit of those earlier reports. The committee's study, under the chairmanship of Senator Fernand Leblanc, was its major focus from November 1991 through April 1992.

During this period, we heard from the major players involved in the design and implementation of the reforms, including the Deputy Secretary to the Privy Council, the Secretary of the Treasury Board, the manager of Public Service 2000, the Chair and Commissioners of the Public Service Commission, the Principal of the Canadian Centre for Management Development, the Comptroller General and the Auditor General, the Public Policy Forum, representatives of the major public service unions, the deputy ministers of five departments and Professor Kernaghan of Brock University, who has published extensively on aspects of the Canadian public service.

The committee focused its attention on a number of themes which are reflected in the report. They include the state of morale in the public service; accountability of deputy ministers under the more decentralized system of PS 2000, and the implications for program evaluation; the issues of deployment and the merit principle, which have generated most of the discussion surrounding Bill C-26; the rapid growth of the management category over the past 20 years; the importance of training and career development as part of a new, continuous learning culture in the public service; and the need for more meaningful and reliable statistics on contracting out. The report includes recommendations in each of these areas which I commend to the attention of honourable senators.

The exclusive right of deputy heads to make deployments of personnel within the public service, provided for in clause 22 of Bill C-26, has in my view attracted more than its fair share of criticism. It must be viewed in conjunction with the new classification system, which is still under development by a Treasury Board task force, but which can be expected to reduce the number of occupational groups by two-thirds from the present 72 to about 24 categories in the civil service.

Within these new, larger groups, deployment will provide more meaningful opportunities for career development in public service which is no longer growing and in which promotion possibilities therefore have been substantially reduced. At the same time, clauses 34.3, 34.4 and 34.5 provide a recourse mechanism which can include referral of complaints to the Public Service Commission, which must then appoint an investigator who can then report back to it. The commission has the power to order the deputy heads to take appropriate corrective action, including revocation of the deployment.

In my opinion, these clauses make ample provision for the rights of employees who are deployed, and of other employees in the work unit to which the deployment is made, to seek third-party review in cases where they may have been treated unfairly.

With respect to clause 10, about which the Leader of the Opposition made reference in the debate on second reading, I must say that the clause that has been added to give power to the Public Service Commission to incorporate regulations to modify the process of promotion, does not have the bad implications that some might think it has. It more or less tries to obviate the actual difficulties with regard to the classification scheme which I have explained before. In one way, it is related to the new policies of the government.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, an important part of second reading debate here is to circle aspects of the bill for committee study. The idea is that it will help us here in the Chamber at third reading. We are often told at second reading when we raise issues that it is a matter for the committee, or that it can be looked at in the committee, or we will hear from the committee about that.

When I spoke to this bill at second reading barely one week ago, I emphasized that there were issues which warranted careful scrutiny by the national finance committee. I also assumed that, with such further study, we would learn more about the bill for the purposes I have just mentioned, namely to help us at third reading. We would learn more about the bill, perhaps good, perhaps bad, perhaps some of each.

In the context that I have just mentioned, I think our committees should generally expect us to examine, *à la loupe,* how well they did their jobs in helping us do ours at third reading. Third reading ought not to be just routine, especially in the context of quite properly being told at second reading that detail is for the committee. If detail is for the committee, if questions raised at second reading are to be for the committee, speaking in general terms, then third reading should not be routine, but should be an examination of all the detail that we are promised at second reading.

In this case, more specifically, what did we find out? Not very much. The committee met three times and heard five witnesses. In this particular case, this bill found its place, with some of its companions, in the usual pre-Christmas rush where the government made it clear that the legislation was to receive Royal Assent before Christmas.

This happens every year. Traditionally, people in our culture are frequently asked, "Do you have your Christmas shopping done?" You must do your Christmas shopping and send out your cards before Christmas. The government—admittedly our government, too, when we were on that side—in the

last week before Christmas seems to say that they have their shopping list which must be completed before Christmas. In that context, the committee stage usually develops as a sort of necessary evil on the way to the Christmas deadline.

The committee heard from the president of the Treasury Board at its first meeting. He, of course, would be expected to answer the questions raised at second reading. Unfortunately, he had to be called away. Imagine what it was for. It was to take his place in the vote on Bill C-91, the pharmaceuticals bill, which the government majority here has passed at second reading and sent to the Standing Senate Committee on Banking, Trade and Commerce. The result was that there did not seem to be an adequate opportunity to question him about his statement.

The committee also heard from the Professional Institute of Public Servants, the Economists', Sociologists' and Statisticians' Association, and the Public Service Staff Alliance which appeared Tuesday evening, but were not questioned since we sat that evening at 8 o'clock. They were told they would be asked back for questioning. The clerk called them yesterday asking them to appear at last night's meeting but they apparently could not make it.

There seems to have been some urgency for the bill because the committee could not wait an extra day to have the members from PMAC return today in the context of this last-minute Christmas rush.

At the third meeting, committee members heard from the Canadian Union of Professional and Technical Employees. They were the last witnesses before the bill was reported.

Now, at third reading, we will have to do the best we can with what we have from the committee. Were any of the concerns dealt with which were raised at second reading and specifically referred to in the committee? Yes, they were, but briefly.

What did the witnesses have to say about those concerns? Let us start with merit. Honourable senators will recall that much of what I said at second reading was about the merit principle. You will remember the role of Mr. Plunkitt of Tammany Hall on the merit principle. I gave a brief history of the merit principle in that American context and in our own context and discussed how it will be affected by this legislation.

The merit principle will be changed by this bill from one which selects the best qualified person for a position, to one which selects any qualified person for a position.

What did the Professional Institute of the Public Service think of section 10(2) of the bill? That is the section which Senator Bolduc felt had been assisted somewhat by the role of the PSC.

Iris Craig, president of that institute, wondered if merit would be considered at all. She said:

> Will merit enter into it at all? How will the commission prescribe these standards if not by allowing the senior managers to unduly influence the process with personal bias and patronage? The commission will not set standards, the commission will do what it is told by the deputy heads. This is the real intent of section 10.

I am quoting from the blues, which is another problem that we have in this Christmas rush. Because of the Christmas rush, we cannot wait for the proper official committee reports. We have to deal with the blues. Everything is coming into us with the ink barely dry just to get it in here so that we can complete the legislative shopping list.

On many occasions, I must admit, this government in the Senate has accepted our insistence on delay in third reading debate until we get the proper and official committee reports. Senators at third reading in the Senate should not be required to operate from the unedited version, otherwise known as the blues. However, in Christmas rush, that is the way it works. So that quote is from the blues, page A-5.

According then to Ms Craig, it is no longer to be an objective process. Rather it will be a subjective one. The government claims this is to encourage flexibility in the public service, when really it is to give the deputy heads the ability to appoint whomever they want to appoint.

Senator Bolduc was quite right in focusing on section 10 because it is the section that has played the biggest role in the debate on this legislation in the House of Commons, here, and outside. William Krause, president of the Economists', Sociologists' and Statisticians' Association agreed with Ms Craig and stated the case again perhaps even more plainly. Reading from the blues again, he said:

> What is being proposed in clause 10 of this legislation is the replacement of the merit principle with one which no longer requires the appointment of the best qualified individual.

I repeat," the *best* qualified individual", underlining "best".

> Under this system, the managers may appoint whomever they feel will perform the job competently. Clearly under such a system, we fail to see how a meaningful appeals process can work. An individual's claim that he or she is the best qualified means nothing when management is only obligated to appoint a competent individual.

In other words, if there is a list of people who meet the minimum qualified standard—and that is the standard, "qualified" not "best"—in accordance with the job description, the deputy head picks one of them. You think that you are the best qualified and that the person who was picked is less qualified. What use is an appeal to you? You can then say, "I appeal this because I was the best qualified", to which the appeal tribunal can say, "Well, you have a right to come and see us, but we might as well tell you, you might very well be the best, we find that you are the best, but the deputy head does not have to pick the best."

The merit principle is thus changed. All he had to do was pick a qualified person, not the best of the qualified persons.

It is in this context that we hear about one of the practical results of this section of the bill—practical for those on the line who have to live with it day after day. In looking at this

bill, we should look at it as if we were public servants and understand the trenchant meaning of this section and the difference between "qualified" and "best qualified" and the change in the merit principle. Think of yourself going to work every day with that being the test.

If you are the best qualified person in a group of people who meet the minimum qualifications for a position and the least qualified person gets the job, what do you do? What can you do? The fact that you are the best qualified is no longer any reason you should get the job.

There is a wonderful Yiddish expression which applies to that and it is "*s'vet deer gornesht helphen*," which means, "It won't help you a bit".

Neither the Public Service Alliance nor the Canadian Union of Professional and Technical Employees supported the changes to the merit principle in Bill C-26. The people who have to live with it day after day oppose it. The only witness, of the five heard, to support section 10(2) of the bill was the person who drafted it, the President of the Treasury Board.

Another important issue highlighted for committee study at second reading was deployment. As pointed out by Senator Bolduc, the two main issues are merit and deployment.

What did the witnesses say about deployment? The deputy heads really come out best under this bill, because the whole purpose of it is to shift as much discretion as possible to them. Deployment is their ability to shift people around.

In their brief to the committee the Professional and Technical Employees said:

> The deployment system provides an opportunity for favouritism and the "nurturing" of certain employees with favourable assignments in order to ensure that they are ultimately promoted over some of their co-workers. Deployment also provides a way to avoid the consequences of the lay-off and priority system.

You can just imagine how this unfettered deployment power helps deputy heads if they want to practise favouritism in various forms. They can shift someone to another province, for example, for two reasons; one, to make room for one of their favourites to be promoted to their level or, two, to move a favourite to another province in order to put them in a position to qualify for something that you want them to have later. That is the grounds for the people who have to live with this legislation day after day saying that it opens the door to favouritism, bias and unfairness. It escapes, again, the rigours of the merit principle.

The Economists, Sociologists and Statisticians Association had similar sentiments. They told the committee that:

> The question of deployment is a sensible one. Deployments will be used to groom individuals for advancement. Who determines who gets the choice appointments and the positions to be developed for a promotion? Management. Will all employees have equal access to deployment? No. Is it the prerogative of the manager.

[Senator Frith.]

It the manager's prerogative who gets access to deployment. The key is who gets access to the deployment.

They continue:

> That is our concern on deployments.

That is from the blues at page G-2.

PSAC and PIPS felt the same way. Of course Mr. Loiselle, as we would expect, had no problem with the sections dealing with deployment.

What other issues were raised? Both PIPS and PSAC voiced concerns over the contracting-out provisions of the bill. Although government has not produced any dollar figures to show it is saving money by contracting out—whether it even has those figures we do not know—the people from PIPS told us that many of their members are being affected by contracting out and that it has become widespread.

Remember, Bill C-26 will make it easier to lay off public servants because their jobs have been contracted out to the private sector. We are all used to the situation where there is a job to be done and instead of filling it with public servants, it is contracted out. But Bill C-26 will make it possible to lay off people to create the situation where you can contract out.

PSAC expressed concern with the clauses dealing with contracting out and how they will affect the new workforce adjustment policy. This policy provides employment and income protection if public servants are declared surplus as a result of contracting out. Bill C-26 will jeopardize that policy.

Daryl Bean, president of the alliance, said:

> Should Bill C-26 be adopted with the government's proposed amendment intact, there is absolutely no incentive for the government to continue providing employees affected by contracting out, privatization and devolution with employment and income protection.

That is from the blues at page J-2.

There were also concerns expressed by the Economists, Sociologists and Statisticians Association that the bill may not adhere to principles expressed in the conventions of the International Labour Organization, with respect to collective bargaining rights. The committee did not have time to examine this issue. Canada is widely respected around the world and in international organizations. And here we have an interesting comparison with Bill C-91. We are told in the case of C-91 that we should pass it because of our obligations internationally, but here we are not concerned with obligations when it comes to those that we have with the ILO.

Other concerns were raised. However, there was not enough time to examine them. We are to pass the bill without the close scrutiny that we had hoped for at second reading.

According to my reading of the blues, when Senator Bonnell asked what the rush was, the answer provided by the chairman was twofold. I think Senator Bolduc was presiding.

First they say that it will take a long time, perhaps until September, to implement the regulations and administration of the bill, so it must pass right away. What an interesting answer, disclosing as it does the trend towards executive government and government by regulation. The government says it has no time for Parliament because it must get back to drawing regulations. The government believes that the effective governing of this country is done in regulations, in the Privy Council Office, and in the bureaucracy. The government does not want to allow Parliament the time to do its job because it will hold things up for the people who really do the job.

• (1250)

The second reason was that the committee had just completed a report on Public Service 2000, out of which Bill C-26 arose. The committee heard some 30 witnesses. We were told that the committee did not need to hear another 30 witnesses on this bill. That is the old story about pre-study in its various forms. It is always raised when pre-study is asked for. "Will you tell us when the bill itself comes along?" We get back to the process envisaged by the Constitution of consecutive concern and consideration of bills, with the Senate playing the role of sober second thought. The government is saying that the bill has already been studied in pre-study and, therefore, we do not need to hear it. "No", we are told, "you will not be told that."

In this case, the government says we must proceed with the report, because the government must get at the regulations and cannot wait for Parliament. The second reason is that the government has already studied this in a form of pre-study on PS 2000, out of which this bill arose.

When we examine a bill, we not only examine the context in which the bill is proposed, we also examine the specific clauses of the bill to learn how that bill will affect the context. PS 2000 was, to use the pre-study terminology, a study of the "subject matter". That, inevitably, influences our jobs as senators when we deal with legislation, which is the essence of our obligation.

The government occasionally says that Parliament need not take a lot of time studying a particular matter because it was studied carefully in the House of Commons. That excuse is non-persuasive. Our job is our job. The House of Commons is not expected to do our job for us, nor should we be doing theirs for them, as we do with pre-study.

This bill is to be rushed through because regulations need to be made and because, apparently, we have already heard enough on the general topic under PS 2000. That is not the way this chamber should operate, in my opinion, but it seems to be continually heading in that direction.

Honourable senators, we expressed deep concern with this bill at second reading. For the reasons I have mentioned, those concerns have not been met by the committee's report or by the debate, and we will be voting against this bill.

Senator Gigantès: Will Senator Frith permit a question?

Senator Frith: Certainly.

Senator Gigantès: Why is September so important a deadline?

Senator Bonnell: To allow the regulations to be completed.

Senator Gigantès: Why do they have to be done by September rather than August or October? What is magical about September?

Senator Frith: The government said it may take that long. It may take until September. That is the context. The government is saying that it has a lot of real work to do, and it may take until September to complete it. For that reason, they do not want us to spend any more time doing our job.

Senator Gigantès: Did the government explain why it would be wrong if it took until October?

Senator Frith: Not from what I read, no.

Hon. M. Lorne Bonnell: Honourable senators, before this bill is read the third time, I want to say that I will be voting against the bill.

Senator Doody: That is encouraging.

Senator Bonnell: I do not think the Public Service of Canada has had a fair hearing. Each group that came before the committee was against the bill, the merit system, and the deployment section of the bill. I asked why the chairman was taking such a biased position against the public service. There must be a reason. He is not getting any extra pay as chairman.

Honourable senators, I went to the *Parliamentary Guide*, and I discovered what the conflict is. I discovered that the chairman was president of the Public Service Commission. He was, at one time, secretary of the Treasury Board. He was also a deputy minister, a category which many people complain about for showing their biases by promoting friends.

Senator Lynch-Staunton: This was the federal government?

Senator Gigantès: Any government.

Senator Bonnell: I did not say which government. I said he was a deputy minister. That is what this bill is about: deputy ministers using their authority to put their friends into key positions. Our chairman was supporting the bill against the public service.

Senator Lynch-Staunton: That is stretching it.

Senator Bonnell: When I tried to ask him questions, he gave me a dissertation on PS 2000.

Senator Lynch-Staunton: He is very knowledgeable.

Senator Bonnell: I admit that, but PS 2000 has nothing to do with the briefs submitted to us on this bill.

Senator Gigantès: Which is a typical answer of a deputy minister.

Senator Bonnell: Honourable senators, I cannot support the bill because the Public Service of Canada, which is the best in the world, deserves to be heard. It deserves some of our time. We should not be invoking closure on this bill

because the bill might come into effect in September. That is not a good enough reason for me, and therefore I am voting against the bill.

Hon. Philippe Deane Gigantès: Honourable senators, I have been a public servant, but I was also a foreign correspondent and covered 59 countries. I can say without exaggeration that I have never encountered a public service as good as the one in Canada. If you do not like this public service, look at the French or the Germans or the Greeks, God help you. Never mind the Asians; never mind the United States. Here you do get from the public service a civil response; here you can get from the public service some fairness and service, which is not true in other countries. Our public servants, except for the deputy ministers and their brown-nosing successors, the assistant deputy ministers, do not think that the public is there for their benefit. In other countries, they do.

Honourable senators, it is a disgrace that we are not willing to listen to a public service that has served this country faithfully and well. The reason you are not listening to the public service is that its members voted against you in the last election. This is nothing more than cheap Tory vengeance.

The Hon. the Acting Speaker: Honourable senators, it is moved by the Honourable Senator Bolduc, seconded by the Honourable Senator Doyle, that this bill be read the third time.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Acting Speaker: Will those honourable senators who are in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen:

The Hon. the Acting Speaker: Please call in the senators.

Motion agreed to and bill read third time on the following division:

[Senator Bonnell.]

YEAS

THE HONOURABLE SENATORS

Atkins	Lavoie-Roux
Beaudoin	Lynch-Staunton
Berntson	MacDonald (*Halifax*)
Bolduc	Macquarrie
Carney	Marshall
Chaput-Rolland	Meighen
Cochrane	Murray
Cogger	Oliver
Comeau	Ottenheimer
Di Nino	Phillips
Doody	Poitras
Doyle	Robertson
Eyton	Ross
Forrestall	Rossiter
Grimard	Simard
Kelleher	Sylvain
Kelly	Twinn—35
Kinsella	

NAYS

THE HONOURABLE SENATORS

Adams	Hébert
Austin	Lewis
Bonnell	MacEachen
Cools	Molgat
Corbin	Perrault
Davey	Petten
Fairbairn	Robichaud
Frith	Stewart
Gigantès	Stollery
Graham	Watt—20

ABSTENTIONS

THE HONOURABLE SENATORS

NIL

• (1310)

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL

December 17, 1992

Sir,

I have the honour to inform you that the Honourable John Sopinka, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 17th day

of December, 1992, at 2:00 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

JUDITH A. LAROCQUE
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

ORDERS OF THE DAY

[*Translation*]

CANADIAN HUMAN RIGHTS ACT

BILL TO AMEND—SECOND READING—SPEAKER'S RULING

On the order:

Resuming the debate on the motion of the Honouralbe Senator Kinsella, seconded by the Honourable Senator Oliver, for the second reading of Bill S-15, an Act to amend the Canadian Human Rights Act (sexual orientation)—(*Hononable senator Murray, PC*).

The Hon. the Speaker: Honourable senators, on Thursday, December 10, 1992, Senator Frith raised a point of order concerning the procedural acceptability of continuing consideration of Bill S-15, An Act to amend the Canadian Human Right Act (sexual orientation), introduced by Senator Kinsella on December 1, 1992. Bill S-15 stands at the second reading stage on our Orders of the Day.

In his remarks, Senator Frith noted that a similar bill had been introduced in the House of Commons. It is Bill C-109, An Act to amend the Canadian Human Rights Act and other Acts in consequence thereof, introduced by the Minister of Justice on December 10, 1992.

Senator Frith cited Beauchesne's 6th edition, page 192, citation 624(3) which reads:

> "There is no rule or custom which restrains the presentation of two or more bills relating to the same subject and containing similar provisions. But if a decision of the House has already been taken on one such bill, for example, if the bill has been given or refused a second reading, the other is not proceeded with if it contains substantially the same provisions and such a bill could not have been introduced on a motion for leave. But if a bill is withdrawn, after having made progress, another bill with the same objects may be proceeded with. Journals, October 29, 1957, p. 64.

Senator Frith asked the Chair for a ruling on the question of the two bills being before Parliament and whether or not Bill S-15, the bill standing in the name of the Honourable Senator Kinsella, should be withdrawn.

[*English*]

An important principle of parliamentary procedure, as honourable Senators are aware, is that no motion can be received which is essentially the same as a question which has been previously resolved. This principle is reflected in Rule 64(1) which states:

> 64.(1) A motion shall not be made which is the same in substance as any question which during the same session, has been resolved in the affirmative or negative, unless the order, resolution, or other decision on such question has been rescinded as hereinafter provided.

It should be noted, however, that there are occasions when separate bills originating in the Senate and in the House of Commons deal with the same subject. For example, in the second Session of the Thirty-Fourth Parliament, the Senate considered Bill S-7, An Act to amend the Criminal Code (protection of the unborn child) at the same time that it considered Bill C-43, An Act respecting abortion. It was not until after the Senate had given its final decision with regards to Bill C-43, in this case at third reading, which it defeated on January 31, 1991, that the question of whether the Senate was pronouncing itself twice on the same subject was raised. In this instance, a ruling was made by the Chair on February 27, 1991, that, because Bill C-43 had been disposed of, it was not in order to proceed any further with Bill S-7. It was agreed by the Senate that the order for second reading of Bill S-7 be discharged and the Bill removed from the Senate Order.

It should be noted, however, that the Senate has not yet pronounced itself, in either the affirmative or the negative on Bill S-15, which is at second reading, or Bill C-108 which is in the other place. The question of the applicability of citation 624(3) of Beauchesne's, and of Rule 64(1) is hypothetical. I therefore cannot rule that Bill S-15 be withdrawn.

PRIVATE BILL

DAI AL-MUTLAQ—BILL TO INCORPORATE—SECOND READING— ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Atkins, seconded by the Honourable Senator Doyle, for the second reading of Bill S-13, to incorporate the *Dai al-Mutlaq* as a corporation sole in Canada.—(*Honourable Senator Frith*).

Hon. Eymard G. Corbin: Honourable senators, I see Senator Atkins is not here but he can read the *Hansard*. I simply want to state that I will speak on this bill when we return after the Christmas recess. I want to make it very clear that I have not been deliberately holding up my speech to stall the process. I am simply not ready, but I will be ready to challenge the subject matter of that bill when we return after Christmas.

Hon. Consiglio Di Nino: Honourable senators, is the honourable senator standing the bill? I want to make sure. I did not quite here what he said.

Senator Corbin: I am standing it and I added that it is not my purpose to deliberately hold up this matter. It is just that no one in this country has any information about this group. We had to start research from zero and I am not prepared to bypass the second reading stage until we have full and complete information.

Senator Di Nino: Thank you. I wanted to be sure that you were standing it.

Order stands.

AGRICULTURE AND FORESTRY

CONSIDERATION OF SEVENTH REPORT OF COMMITTEE—ORDER STANDS

On the Order:

Consideration of the Seventh Report of the Standing Senate Committee on Agriculture and Forestry (Security on farms), presented in the Senate on 16th December, 1992—(*Honourable Senator Barootes*).

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move the adoption of this report on behalf of Senator Barootes.

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

Hon. Royce Frith (Leader of the Opposition): Is no one speaking to this motion?

Senator Lynch-Staunton: I was afraid to do that. The Senator asked me to move it in his name. If there is some objection, we can stand the order.

Senator Frith: I really have nothing against the specific report, but I would not want it to pass without anyone saying something about it.

Order stands.

• (1320)

NATIONAL FINANCE

REPORT OF COMMITTEE—DEBATE CONCLUDED

The Senate proceeded to consideration of the Fifteenth Report of the Standing Senate Committee on National Finance (Estimates 1992-1993 (2nd Interim Report)), presented in the Senate on December 16, 1992.—(*Honourable Senator Bolduc*).

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I would ask that this item be dropped from the Order Paper since the matter was disposed of with the passage of Bill C-100.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

SCRUTINY OF REGULATIONS

SIXTH, SEVENTH AND EIGHTH REPORTS OF COMMITTEE ADOPTED

On the order:

Resuming the debate on the consideration of the Sixth Report (Nuisances regulations);

Resuming the debate on the consideration of the Seventh Report (Divorce Proceedings Fee);

and Resuming the debate on the consideration of the Eighth Report (Territorial Lands) presented in the Senate on December 1st and 3rd, 1992.— (*Honourable Senator Molgat*).

Hon. Gildas L. Molgat (Deputy Leader of the Government): Honourable senators, I had asked that the consideration of the three reports stand to give me an opportunity to read them. Having done so, I have no further comments. As far as I am concerned, the debate on these three reports should be considered concluded.

The Hon. the Speaker: Is it agreed honourable senators?

Hon. Senators: Agreed.

Motion agreed to and reports adopted.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

REPORT OF COMMITTEE—DEBATE CONCLUDED

The Senate proceeded to consideration of the Eleventh Report of the Standing Senate Committee on Social Affairs, Science and Technology (subject matter of Bill C-86), An Act to amend the Immigration Act and other Acts in consequence thereof) presented in the Senate on 16th September, 1992.—(*Honourable Senator Kinsella*).

Hon. Royce Frith (Leader of the Opposition): We would be glad to keep talking about that for a long time.

Hon. John Lynch-Staunton (Deputy Leader of the Government): We can keep it on the Order Paper, however, I think we should drop it from the Order paper since Bill C-86 has now been passed.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

JUSTICE

CANCELLATION OF COURT CHALLENGES PROGRAM—INQUIRY WITHDRAWN

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Wood, calling the attention of the Senate to the cancellation of the Court Challenge Program.—(*Honourable Senator Molgat*).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I was hoping that Senator Wood, who has a very keen interest in this matter, would be back; but

her health does not permit that. I would ask that the inquiry be dropped and, upon her return, Senator Wood can reintroduce it.

RAILWAYS

PROPOSED SALE OF RAIL LINES—INQUIRY WITHDRAWN

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Graham, calling the attention of the Senate to the ramifications of the sale or proposed sale of certain rail lines in Canada.—*(Honourable Senator Corbin).*

Hon. Eymard G. Corbin: Honourable senators, I am prepared to let this motion die on the Order Paper for the simple reason that I want to reintroduce the same motion, slightly modified. I have had consultations with the father of this motion, Senator Graham, and he is in agreement. I will introduce another motion in the new year.

BUSINESS OF THE SENATE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, before the Deputy Leader of the Government proceeds to the adjournment motion, in view of the fact that Senator Murray was not present today and we did not have Question Period, I would ask that we revert for a moment to Question Period in order that Senator Petten can place a particular question on the record.

QUESTION PERIOD

Leave having been granted to revert to Question Period:

FISHERIES

AGREEMENT ALLOWING PORTUGESE AND SPANISH VESSELS TO HARBOUR AT EAST COAST PORTS—REQUEST FOR INFORMATION

Hon. William J. Petten: Honourable senators, there is an article in Saint John's *Evening Telegram* of today's date which states that officials have signed an agreement with Portugal and Spain to allow them into East Coast ports from which they have been barred now for several years. There is a further indication that they will be allowed an allocation of northern cod.

I am sorry that I do not have the full text. I asked for it to be faxed but, as yet, it has not arrived. However, I did want to put on the record the fact that this article had appeared in the *Evening Telegram.* I do not expect the government to comment at the moment. However, I would appreciate a reply at some later date.

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*h*) I move:

> That when the Senate adjourns today, it do stand adjourned until Monday, January 25, 1993 at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned during pleasure.

• (1330)

ROYAL ASSENT

The Honourable John Sopinka, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable Deputy Governor General was pleased to give Royal Assent to the following bills:

> An Act to amend the Immigration Act and other Acts in consequence thereof (Bill C-86, Chapter 49, 1992)
>
> An Act to amend the Judges Act and other Acts to give effect to the reconstitution of the courts in Nova Scotia (Bill C-96, Chapter 51, 1992)
>
> An Act respecting the protection of certain species of wild animals and plants and the regulation of international and interprovincial trade in those species (Bill C-42, Chapter 52, 1992)
>
> An Act to approve, give effect to and declare valid the Agreement between Her Majesty the Queen in right of Canada and the Gwich'in, as represented by the Gwich'in Tribal Council, and to amend an Act in consequence thereof (Bill C-94, Chapter 53, 1992)
>
> An Act to amend the Public Service Employment Act, the Public Service Staff Relations Act and other Acts in relation to the public service of Canada (Bill C-26, Chapter 54, 1992)
>
> An Act to restructure United Grain Growers, Limited (Bill S-16)

The Honourable Andrée Champagne, Deputy Speaker of the House of Commons, then addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993 (Bill C-100, Chapter 50, 1992)

To which bill I humbly request Your Honour's assent.

The Honourable Deputy Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy of his Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

CHRISTMAS WISHES FROM THE HON. CHARLIE TURNER

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the general exchange of good wishes and cheer have been made. I hope you will not think I am imposing on you with this more individual note.

When I returned to my office upstairs I had a message waiting for me from Marjorie Turner, the wife of our beloved former colleague Charlie Turner. The message reads:

> Charlie is in hospital. He would like someone to wish all a Merry Christmas since he will not be able to send cards.

Hon. Senators: Hear, hear!

The Senate adjourned until Monday, January 25, 1993, at 8 p.m.

THE SENATE

Monday, January 25, 1993

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

Prayers.

SENATORS' STATEMENTS

DAI AL-MUTLAQ

VIOLATION OF HUMAN RIGHTS

Hon. Philippe Deane Gigantès: Honourable senators, I rise once again to speak on the matter of the Dai al-Mutlaq, this personage from Bombay who is asking the Senate, through Senator Atkins, to grant him the status of corporation sole.

A committee of inquiry was set up some years ago in India on the Dai al-Mutlaq's activities. That committee included two former justices of the Bombay High Court, and found that he was guilty of gross human rights violations.

The Indian People's Human Rights Commission is currently investigating this matter. The inquiry is being carried out by Mr. Justice Tewatia, former Chief Justice of the Calcutta High Court, and Mr. Kuldip Nayyar, noted journalist and a former High Commissioner of India in the United Kingdom. The committee of inquiry was set up regarding the violations of human rights allegedly committed by the Dawoodi Bohra Dai, Dr. Burhanuddin — that is, the Dai al-Mutlaq. I want to quote from a document dated November 3, 1992. The document reads:

> The preliminary inquiry carried out by the Commission showed sufficient prima facie evidence that there were violations of human rights. The complaints were so numerous that the Commission at last decided to set up a Tribunal to conduct the investigations. The Tribunal held sittings at Udaipur and Bombay, and heard more than 200 witnesses from the overwhelming number of complainants against the Dawoodi Bohra Dai. The Tribunal is expected to finalise this report within the next few months.

The Indian People's Human Rights Commission is a tribunal consisting of former judges of the supreme courts of India and the Indian high courts. This is not just anyone. They expect to report within the next three to four months.

For the Senate to consider this case at this time would be like considering a murder case before we have an autopsy report. The main body of evidence is in India. It is in India that the best possible investigation can be conducted by the judges on this Human Rights Commission in order to determine whether the allegations against the Dai al-Mutlaq are true or not. With respect to the Senate, we owe it to ourselves to let this matter drop until the examination by the former justices of the Supreme Court of India is completed. If we deal with this matter before that time, we expose ourselves to possible ridicule.

Honourable senators, with the insufficient evidence we have before us, should we look at this matter before a respected tribunal in India examines the issues that are pending before it, pertaining to the same body? I say no. I beg the members opposite to let this matter drop, and not risk ridiculing the Senate because it has backed something which it should not be backing.

THE LATE HONOURABLE CHARLES TURNER

TRIBUTES

Hon. Royce Frith (Leader of the Opposition): Honourable senators, on March 7, 1991, many senators stood in this chamber to honour Charles Turner on his retirement, and to wish him many years of happiness after leaving the Senate. Unfortunately, this did not come to pass. Senator Turner passed away on January 10, 1993. Today, we rise to express our gratitude for what he brought to our lives and to our country.

Charlie Turner began his career as an engineer for Canadian National Railways. As a student, I worked on the signal gang in the same division — the London Division — putting in the box signals that Charlie eventually responded to between London and Sarnia. We later found out that we had many mutual friends who worked for CN in that division.

He became active in the union, beginning his fight for — as you remember he said eloquently and convincingly — the "little guy". He was finally convinced to run for the London East seat in the 1968 election.

That year was the beginning of a long career in politics for Charlie. He was re-elected in 1972, 1974, 1979 and 1980. Along with the regular duties of an MP, Charlie was appointed Parliamentary Secretary to the Minister of Labour in 1972, and reappointed Parliamentary Secretary to the Minister of Public Works and Science and Technology in 1974. He replaced Tom Lefebvre, to whom we paid tribute not too long ago, as Chief Government Whip in the House of Commons in 1980.

If you were to ask Charlie which particular job was his favourite, he would tell you he best liked working with his constituents and helping them whenever possible. As far as I know, he drove home to London every weekend. Upon his return to Ottawa on any given Monday or Tuesday morning, I

cannot ever remember finding him without an experienced answer to the question of what was happening in London East.

When asked about the rewards of involvement in the world of politics, he was quoted in *The Canadian* of December 18, 1976, as saying:

> To me, the reward is getting a letter from an old lady or an old man you've helped, thanking you in writing you can hardly read.

He was summoned to the Senate in 1984. He saw this as a reaffirmation that hard work will take you a long way. On July 10, 1984, he told the London Free Press:

> ...I'm excited by the appointment. I'm living proof that the little guy can still make it in Canada by hard work, dedication and determination.

Senator Turner worked as hard here in the Senate as he had anywhere else. He brought knowledge of Canada's railway system and understanding of the many problems Canadians face in their everyday lives. That experience, those thoughts and those feelings came with him to this chamber.

His dedication to his constituents did not end when he retired from the Senate in 1991. He returned to live in London full time. He had planned to become more heavily involved in charity. He was honorary chairman of the southwestern Ontario branch of the Kidney Foundation of Canada.

I should like to conclude with Charlie's words to us upon his retirement. He said:

> As I go about my new life, I shall think of you all often. To slightly paraphrase Keats:
>
> I can scarcely bid you goodbye, even in a speech. I have always made an awkward bow. Good luck and God bless you all...
>
> And I will see you all in heaven. Thank you very much.

Thank you very much, Senator Turner. To his wife, Marjorie, and to all his family, we extend our sympathies.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I was shocked to learn of the death of our former colleague, the Honourable Charles Turner. When, 22 months ago at the age of 75, he took his retirement from this chamber he seemed to be in excellent health. As he had done all his life, he gave a full day's work until the moment he left us. I am glad that, as the Leader of the Opposition has mentioned, on March 7, 1991 I and others had the opportunity by way of a send-off to tell Senator Turner publicly how highly we all thought of him as a politician and a parliamentarian.

Tonight I want to express my condolences and those of the Prime Minister and our colleagues in the government to Mr. Turner's family and friends in London, and to say that their loss will be shared by a much wider circle of Canadians, especially railway employees, and to express our admiration and gratitude for the life and service of this fine servant of the people.

Hon. Joyce Fairbairn: Honourable senators, I too would like to reflect for a moment on our friend Charlie Turner. Both Senator Petten and I had the honour of being in London for his funeral. I could not help but reflect on what Senator Frith has just said. Charlie, at one point in his career, said that the thing that made it all worthwhile was to receive a letter back from someone whom he had helped in some way. It was interesting to see that, both at the funeral in London and the day before as people visited with the family, those where the kind of people who came to say goodbye to him. They were all from the constituencies he represented during his life in London East.

For Charlie, politics meant people. They were the ones who really mattered; that is why he was sent back to Ottawa again and again. Several people I ran into at the funeral said, "We loved the guy; we never voted for him but he was one heck of a member", in itself a remarkable tribute. I think it is true. All of us know that political life, by its very nature, is confrontational. It is highly competitive, it is harshly demanding, and you run into a great variety of egos, big and small. However, it is a lot more than that. It is a unique opportunity to serve people, to help them in troubled times, to listen to their criticisms and their good advice and to try in some way to influence events so that they can realize in some measure some of their hopes and dreams. That is what Charlie Turner did in his remarkable career on Parliament Hill.

It might interest honourable senators to know what Charlie's local newspaper conveyed to its readers the day after Charlie died. If he could have written the headline it could not have been more apropos. It is simply headed, "A constituency man". The first sentence reads:

> What you saw was pretty much what you got with long-time London East MP Charlie Turner. That is a substantial epitaph for any politician.

In concluding, the London *Free Press* said about Charlie's death,

> ... big guys and little guys alike will mourn his passing. With public cynicism about the political process at an all-time high, Ottawa could use a few more little guys like him.

That echoes the words the former Prime Minister said of Charlie at a testimonial dinner in London when he retired from the House of Commons. Mr. Trudeau said that Charlie gave politics a good name. I think all of us in this house will agree he did.

As he said in his last words, he will see us all in heaven. I have no doubt that Charlie is there. It gives me a sense of

some comfort that the leadership in that place will also now benefit directly from his loyalty, support, and good advice.

Our sympathy goes out in great measure to his closest companion and wife Marj — I think it would be their fifty-third anniversary this year — his daughters Charmaine and Gloria, and his grandsons Mark, Terry and Mike.

Hon. M. Lorne Bonnell: Honourable senators, I too would like to say a few words about our late colleague. Charlie Turner was with me on the committee that travelled across Canada, hearing the views of the people on Bill C-22. All last week, as we sat in committee, I thought he would have loved to have been there to again put forth his views against patent protection for the big multinationals, because Charlie fought hard and always brought forth the views of the people, the poor, the disabled, and the unions. He was a great union man, especially of the railway unions. He was a strong believer that Bill C-22 should never pass. I am quite sure that if he had been in the committee last week, he would also be voting against Bill C-91.

I know his wife Marjorie and the family, and I have been to their place for dinner. They were a lovely couple. I know Charlie will be deeply missed by his wife and his family. I want to thank him again for his loyal support to me during that tour across Canada, and to pass on my condolences to his wife and family.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I would not want the sitting to go by without my customary noting for the record that this government is now 68 days into what Senator Murray called cowardly and contemptuous behaviour in not calling an election.

PRINCE EDWARD ISLAND

FELICITATIONS TO NEW PREMIER

Hon. M. Lorne Bonnell: I am pleased to advise all honourable senators that the cradle of confederation is under a new leader today. The Honourable Catherine Callbeck is the new premier of Prince Edward Island. She does not have a seat in the legislature as yet, but I suspect that will be coming very soon.

I am quite sure that the people of Prince Edward Island are under good, honest, hard-working leadership, a leader with integrity, principles, and a background in dealing with the poor, the disabled, the underdog and the unemployed.

I hope that, with the support of the federal government, Prince Edward Island will be able to move its unemployment figure down from 18 per cent to 4 per cent, which is where it belongs.

Hon. Senators: Hear, hear!

Hon. Orville H. Phillips: Honourable senators, I should like to join in the congratulations extended to Premier Callbeck. I note that the Liberal Leadership Convention was held on Saturday and today, Monday, Premier Ghiz is gone. It did not take them long to make the transition.

Premier Callbeck brings to office a number of excellent qualities. She was one of the first women graduates in business administration from the Maritime universities, and has had extensive business experience. I think it most important to point out at this time that she is a fiscal conservative. I am sure that she will do whatever is necessary to bring the budget of Prince Edward Island under control. It is sadly out of control, and I wish her every success in moving it back under control.

I am sure that, before too long, the people of Prince Edward Island will have an opportunity to make their choices between two parties, both with female leaders, something which I think certain members of this chamber will note with a great deal of pride.

Hon. Senators: Hear, hear!

ROUTINE PROCEEDINGS

PATENT ACT AMENDMENT BILL, 1992

REPORT OF COMMITTEE

Hon. Efstathios William Barootes, for Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Monday, January 25, 1993

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

TWENTY-THIRD REPORT

Your Committee, to which was referred the Bill C-91, *An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters*, has, in obedience to its Order of Reference dated Wednesday, December 16, 1992, examined the said Bill and now reports the same without amendment, but with the following observations:

Bill C-91 was introduced in the House of Commons on 23 June 1992. It was referred to a Legislative Committee in December and was passed by the House of Commons on 10 December 1992. The Bill came to the Senate in December 1992 and was referred on 16 December 1992 to the Standing Senate Committee on Banking, Trade and Commerce.

The Committee held hearings on Bill C-91 from Monday morning 18 January 1993 to Thursday evening 21 January 1993. The hearings started with officials from three federal departments and closed with the appearance of the Honourable Michael Wilson, Minister of Industry, Science and Technology, and the Honourable Pierre Vincent, Minister of Consumer and Corporate Affairs.

During its hearings the Committee received numerous submissions and heard nearly fifty witnesses representing the provinces, the medical sector, hospitals, nurses, drug and pharmaceutical manufacturers, the chemical, biological and biotechnological sectors, the research sector, the labour sector and consumers, the disadvantaged and senior citizens. After nearly fifty hours of hearings, the Committee deliberated in camera, discussed the issues that were raised in the submissions and by the witnesses and decided to report the bill without amendment but on division. It did, however, decide to express a number of concerns that are presented below.

CONTEXT

Canada has had a system of compulsory licensing for pharmaceuticals in place since 1923 and is currently the only industrial country that has such a system. Before 1969, however, licences were rarely used because generic drug producers had neither the capacity nor the willingness to manufacture chemical ingredients. The 1985 Report of the Commission of Inquiry on the Pharmaceutical Industry, indicated that from 1935 to mid-June 1969, only 22 licences were granted. In effect, until 1969, there was an obligation by licensees to manufacture active ingredients of drugs in Canada, but that limitation was removed in 1969 and resulted in an open door for imports — generic manufacturers could now import a medicine's active ingredients and process them into a form for sale.

In 1987, the Patent Act was amended by Bill C-22, to restrict compulsory licensing. In September of the same year, after examination of the bill by a special committee of the Senate which recommended a number of amendments, the Banking Committee was asked to consider certain amendments with respect to the bill. The Senate adopted the Committee's report on 29 October 1987. The Bill received Royal Assent in November. Among other things, the Act ensures that brand-name drugs coming on the market after 27 June 1986 have 10 years of protection against the issue of compulsory licences to import and seven years of protection against the issue of compulsory licences to manufacture. Bill C-22 also provided for the creation of the Patented Medicine Prices Review Board.

Through its policies, the Board is committed to assure fairness, timeliness and efficiency in ensuring that patented drug prices are not excessive, as explained in the Patent Act. The Patent Act also requires the Board to report to Parliament on the research and development to sales ratio in Canada of patentees together and individually. A quasi-judicial process is envisaged in the Act in which formal Board decisions in particular cases would reveal how it interpreted the factors in the law and what constituted an excess price. The Board also used the factors in the Patent Act to develop precise guidelines to be used by patentees.

Canadian patent law now provides patent protection for a period of twenty years from the date a patent application is filed. Although the law specifies a twenty-year period of protection, effective patent life is approximately seven years because of: (i) the time needed to develop a medicine and obtain regulatory approval for its sale (about 10 years); and (ii) the system of compulsory licensing, which allows generic copies of a drug to enter the market three years before the expiry of the patent. In January 1992, the federal government endorsed proposals in the draft text of the GATT agreement that would increase the effective patent protection for manufacturers of pharmaceutical products. The proposals would allow the owners of pharmaceutical patents to enjoy the same protection now granted to patent owners generally. Within the GATT proposals, therefore, Canada could neither maintain a system of compulsory licensing for pharmaceuticals nor discriminate between Canadian — and foreign — invented products.

Bill C-91 eliminates the compulsory licences system in Canada. The Bill extends the exclusivity period for patented drugs from 17 to 20 years and therefore aligns Canadian policy with its major international competitors. Furthermore, the Bill includes considerations to enhance the powers of the Patented Medicine Prices Review Board.

The following observations result from the concerns and recommendations expressed during the Committee's hearings and represent the unanimous views of members of the Committee.

Observation 1. - Streamlining the Regulatory Process

Concern was expressed that regulatory delays in the patent application and drug approval processes impose undue burdens on all participants in the pharmaceutical sector. "Moreover, the costs incurred to the health care system from delayed access to beneficial drugs may be considerable."(Working in Partnerships, Review of the Canadian Drug Approval System, 1992, p. 30)

Specific Concern 1. The Committee urges the government to streamline the regulatory processes — in the Patent Office and in the Health Protection Branch of Health and Welfare Canada — with a view to improving its effectiveness while compromising neither the integrity of the patent review nor the protection of the health of Canadians.

Observation 2. - Competing in the Global Marketplace

If the pharmaceutical sector in Canada — the generic companies, the fine chemical companies, the emerging biotechnology companies and the brand-name companies — is to prosper, it must be competitive in the marketplace of today. That marketplace is global, not local, and Canadian companies must therefore be strongly oriented to external markets and technologies. Generic companies testified that, in some cases, when a patent for a particular product may have expired in the United States, this Bill will prevent them from producing that product in Canada, even though it would not be saleable here.

If Canadian producers in the pharmaceutical sector have to wait until the Canadian patent expires, they may find that prospective customers have already established supplier relationships. This places Canadian companies in the position of not only having to compete on product quality and price, but also having to incur added costs to offset regulatory delays.

The Minister of Industry, Science and Technology acknowledged before the committee that this issue is of real concern to the government, one for which a resolution is being sought.

Specific Concern 2: The Committee urges the government to persist in its efforts to resolve this issue, while at the same time respecting Canada's international trading obligations.

Observation 3. - More Research and Development

Under the Income Tax Act (specifically the provisions for type of research and development eligible under scientific research and development, SR&ED), Revenue Canada provides guidelines for and interprets eligibility of R&D for income tax purposes. Basically the question of what is accepted as an expense for purposes of the Act and what is not, is resolved on a case-by-case basis. Testimony before the Committee reflected the observations and recommendations made in the report by the National Advisory Council on Pharmaceutical Research, Time to Act (1991).

"[Current] regulations limit the scope of potential investment by industries at universities. Greater flexibility in the definition of SR&ED is essential in order to include the support of training per se..." (p.52) In addition, it is argued, a number of other targets of investment currently excluded as eligible expenses clearly contribute to the success of the pharmaceutical sector and should be considered authentic R&D activities. Examples of such areas include: pharmacoepidemiology and pharmacoeconomic studies, postmarketing surveillance, and network linkage and development in the pharmaceutical sciences.

Specific Concern 3. The Committee suggests that Revenue Canada work closely with interested parties who have raised concerns about the definition of expenses eligible under SR&ED to ensure a resolution of these issues that both respects the intent of the Tax Act and the goal of a healthy pharmaceutical sector in Canada.

Observation 4. - Sourcing Fine Chemicals in Canada

The Canadian fine chemical industry is struggling to win markets that will enable it to become a significant player in the pharmaceutical sector.

At this time, firms in this industry have been unable to forge a significant business relationship with the brand-name pharmaceutical companies. PMAC has, however, committed to the government during consultation on this bill, that, over the next three years, member firms will spend $15 million in sourcing pharmaceutical fine chemicals from Canadian manufacturers.

Specific Concern 4. The Committee urges Industry, Science and Technology Canada to encourage greater sourcing of active pharmaceutical ingredients from within Canada.

Observation 5. - Developing an Integrated Pharmaceutical Sector in Canada

If all industries in the pharmaceutical sector are to become truly competitive on the world stage, then a synergy must develop as the result of the dynamic interaction among the various sectors of the pharmaceutical sector, including university researchers.

The current situation is, however, one in which there is limited interaction among the players in Canada, and hence no such synergy.

Specific Concern 5. The Committee urges Industry, Science and Technology Canada to bring all members of the pharmaceutical sector, including university researchers, towards a closer, more productive working relationship to enhance the competitiveness of all industries in the pharmaceutical sector.

Observation 6. - Ensuring Regional Balance

Given the concentration of brand-name pharmaceutical operations in Ontario and Quebec, it is not surprising that extramural pharmaceutical research has followed this pattern. There is, however, scope for decentralisation of extramural research, and PMAC, as well as individual companies, indicated to the Committee that they were sensitive to regional concerns and were developing research programs to respond appropriately.

Specific Concern 6. The Committee urges the government to continue to pursue efforts to foster a greater regional balance of extramural pharmaceutical research in Canada.

Observation 7. - Promoting Better Care for the Young and the Elderly

A number of issues related to the development and use of drugs were brought before the Committee.

Dr. Rieder, Chairman of the Canadian Paediatric Society Committee on Drug Therapy stated: "What regrettably happens frequently is that drugs are used in paediatrics for which information is available in adults, but there is no product listing of information for use in children." He then described a particular case in which "because the studies were not done [on children], the information was not known, and otherwise well-intentioned physicians ended up doing children harm." Concerning the elderly, the witnesses for One Voice stated that "there is no doubt that there is misuse of medication and there is over-prescription." Further, "these drugs are not tested on [the elderly]. They are tested on healthy people of middle age, not seniors. One of the large problems that geriatricians face is taking seniors off all the drugs they have been on, and trying to find out the one or two [needed]." These concerns clearly have serious medical and economic implications.

Specific Concern 7. The Committee urges that efforts continue to be taken to develop a comprehensive policy framework, in close collaboration with the Provinces, for the development, regulation and use of pharmaceuticals in Canada. Paediatric and geriatric indications for drugs should be available to physicians who must make drug recommendations for patients in these groups. With respect to medication, public education programs should be developed and directed to specific groups such as the elderly.

Observation 8. - Incorporating Provincial Input

The Committee notes that a number of recommendations submitted by witnesses have been incorporated by the government into Bill C-91:

(a) the recommendation of Manitoba that the Patented Medicine Prices Review Board (PMPRB) should fall within the jurisdiction of Health and Welfare Canada, and not Consumer and Corporate Affairs;

(b) the recommendation of Saskatchewan that there be provincial input into appointments to the PMPRB.

The Committee also notes the recommendation of Manitoba that PMAC member firms should form a strategic partnership with the Medical Research Council of Canada to demonstrate a commitment to the long-term development of medical research and training in Canada. It is the understanding of the Committee that such a relationship is being developed by the partners in question.

Respectfully submitted

JEAN-MARIE POITRAS
Chairman

QUESTION OF PRIVILEGE

Hon. H.A. Olson: Your Honour, I rise on a question of privilege which I will put very briefly. In my view, the committee report of the Standing Senate Committee on Banking, Trade and Commerce respecting Bill C-91 cannot be received by this chamber because it is not the report to which the committee agreed. I say that because there was a very specific discussion and agreement that there would be three types of recommendations —

Senator Simard: Order, order.

Hon. John Lynch-Staunton (Deputy Leader of the Government): On a point of order.

The Hon. the Speaker: Senator Olson, rule 23 (1) reads:

> During the time provided for the consideration of the daily Routine of Business and the daily Question Period, it shall not be in order to raise any question of privilege or point of order. Any question of privilege or point of order to be raised in relation to any notice given during this time can only be raised at the time the Order is first called for consideration by the Senate.

Hon. Royce Frith (Leader of the Opposition): That means that Your Honour cannot raise this point of order now.

Senator Olson: The rules also say that you are required to raise a question of privilege at the first opportunity, immediately as it happens, and now it is happening.

Senator Frith: But now you are being told you cannot do it.

• (2050)

Senator Olson: Now you tell us we cannot do it. This report is not the one the committee agreed to; there is absolutely no doubt about that.

Senator Frith: Rule 44(1)(*a*) states that a question of privilege must be raised at the earliest opportunity.

Senator Olson: Your Honour, how can you make that interpretation of the rules when we had agreed there would be a report by all members on both sides? There was to be a report by the government members, unedited by the Liberal members, and there was to be a report by the Liberal members, unedited by the Conservative members. That is not here. I have a copy of the minority report that Liberal members wanted attached to the committee report, and it is not here. That is why I waited for it to be read. This is not the report to which we agreed. Therefore, Your Honour, you should not accept it. It should be referred back to committee so the matter can be cleared up. There are a number of other members on this side who realize what the agreement was.

I rise more out of sadness than anger. I rise because I now see government members betraying the committee. No one had any business intervening in the report to be brought into this chamber from the committee meeting held *in camera* last Friday morning. Our minority report is simply not here. Who did that? It was wrong.

Honourable senators, this is a question of privilege of the greatest magnitude. Someone in administration is intercepting reports from the committee before they get to the chamber and making them a lie when they get here. This one is a lie because it does not state what was agreed on by the members of the committee.

Unfortunately, I believe I know who did this. That is why I stand here in sadness. I am saddened that anyone would intercept a decision of the committee and introduce a report that is incorrect.

Your Honour, on a question of privilege, you should deny the presentation of this report to the Senate, send it back to committee, and ask the committee to present the report that committee members agreed to.

Hon. Anne C. Cools: Honourable senators, I wish to add my comments on this matter of privilege. I was present at the committee meeting on Friday last. It was a remarkably short meeting because we thought, however different our opinions, that we had arrived at a consensus.

I agree with Senator Olson that this is a matter of privilege of tremendous magnitude. The question raised here concerns precisely what constitutes a report of the committee and what constitutes a consensus of the committee. We also raise the issue of who has the authority to alter decisions taken by a committee. It is my distinct understanding that only a committee can alter its decisions. I may be wrong, but that is my clear understanding.

Honourable senators, it is my recollection that the motion to report the bill without amendment was made by Senator Kelleher, who I see is not present this evening. At that point, those on our side clearly stated that we had amendments to propose, but that we would not be making these amendments at that meeting. Bearing in mind that the committee hearings had concluded only the evening before, we had insufficient time to bring our amendments forward in committee. However, in addition to the amendments we would introduce at third reading in the chamber, we had a distinct set of observations and concerns that we wanted to detail in the report.

In discussions with Senator Oliver and Senator Barootes, there was a loud request that we share our thoughts. We shared them with you magnanimously. Out of that same discussion came a clear undertaking that our observations and your observations would be included in the report, unedited and unaltered. If my recollection is in error, feel free to disagree, but that is my memory of the events of that meeting.

What we have before us, honourable senators, is not what was agreed to last Friday in committee. I seriously urge that we do not receive this report, honourable senators, because it is not the report of the committee.

Senator Frith: Honourable senators, it occurs to me that the Speaker will not be able to rule on this matter, having heard part of what was agreed to, unless he understands the other part of the committee decision.

The point of privilege is that the report being presented to the Senate does not represent the decisions reached by the committee. The report represents certain of those decisions. The committee agreed that the report should include the text the table has just read; namely, the government members' expression of their opinion on the legislation presented to them. That part has been read verbatim. I will now read the part that was not read, and is not included in the report presented, but which is a part of the decision made by the committee.

Senator Lynch-Staunton: I would like the Chair to rule on the fact that this point of privilege and what Senator Frith intends to read are completely —

Senator Frith: Of course Senator Lynch-Staunton does not want to hear the rest of the report. His part of the report is now on the record. He is content with that. He does not want to hear the other part of the report that the committee agreed to. As a matter of fact, I believe it was Senator Lynch-Staunton who said that the committee would not accept that part. However, the committee agreed, and we complied with the committee.

Senator Lynch-Staunton: That is completely wrong. May I reply to that false accusation?

Senator Frith: The committee's agreement was that government and other members should be able to express their concerns and observations.

Senator Lynch-Staunton: Were you there?

Senator Frith: They did so.

Senator Lynch-Staunton: That is not true.

Senator Frith: Then Senator Lynch-Staunton said that that was all that was wanted; that he did not want the rest of the report.

In any event, the remainder of the report should be read into the record.

Senator Lynch-Staunton: The report was a unanimous one; it was a joint report.

Senator Frith: The Liberal Minority Report reads as follows:

> Liberal members of your committee disagree with the majority conclusion —

Senator Lynch-Staunton: I would like the Chair to rule on the —

Senator Frith: We sat quietly and listened to every single word Conservative government supporters had to say.

Senator Barootes: It is not just the government supporters, and you know it is not; it was a unanimous agreement. The whole committee agreed. You were not even there!

Senator Frith: You see how they are shouting at me, honourable senators? They do not want to hear the minority report. We listened to their side.

> Liberal members of your committee disagree with the majority conclusion that Bill C-91 be passed without amendment. This conclusion is at complete variance with the evidence presented. That evidence leads to the inescapable conclusion that Bill C-91 was not introduced for the benefit of Canadians or their institutions, but rather, was designed to appease and benefit international business concerns.
>
> Research and Development
>
> The government attempts to justify its decision to proceed with this legislation by claiming that any incremental drug cost increases will be more than offset by the benefits from increased research and development spending by subsidiaries of foreign-based pharmaceutical corporations. Unfortunately, no evidence was presented to indicate that these companies, as a group, are committed to exceeding investment levels they have already promised to achieve.
>
> In 1987, the Pharmaceutical Manufacturers Association of Canada (PMAC) committed its member companies to research and development expenditures equal to 10% of sales in return for passage of Bill C-22. That legislation provided a seven to ten year market monopoly for new pharmaceutical products. Although Bill C-91 would extend that monopoly period for an additional seven years, PMAC refuses to commit itself to R&D expenditures at any level above 10% of sales.

• (2100)

> While testifying before your committee, Judith Erola, President of PMAC, categorically refused to make such a commitment. She suggested that any increase in the level of R&D spending could be contingent on even greater concessions from the Government of Canada. She called Bill-91 the "first building block" for the industry, choosing to ignore her own 1987 statement that Bill C-22 "means the beginning of a new era in Canadian biomedical research", as she stated in a PMAC Press Release dated November 19, 1987.
>
> Liberal senators are surprised and disappointed that the Government of Canada committed itself to meeting the latest demands of the international drug industry without exacting any reciprocal commitments of increased levels of R&D expenditures.
>
> While PMAC's enthusiasm for Bill C-22 has diminished, your committee heard no evidence that it contemplated reneging on its 1987 R&D commitments.
>
> The government, however, reneged on its promise for a full review of the effects of Bill C-22 in 1996, before making any further changes to drug patent legislation. Nevertheless, Liberal members had no reason to believe PMAC required the additional market exclusivity contained in Bill C-91 —

Hon. Lowell Murray (Leader of the Government): Could I draw the attention of the Leader of the Opposition to —

Senator Frith:

> — to ensure its compliance with the commitments it made at the time of Bill C-22.
>
> Liberal members of your committee —

Senator Murray: May I draw the attention of the Leader of the Opposition to rule 23?

Senator Frith:

> — are totally unconvinced that incremental increases —

You cannot raise points of order at this stage. I am sorry.

> Liberal members of your committee are totally unconvinced that incremental increases in drug costs —

Senator Murray: No, I just wanted to draw the attention of the honourable senator to rule 23. However, I will leave it for Senator Lynch-Staunton and I will bid my friends a very pleasant evening.

Senator Frith:

> — will be limited to $129 million over five years, as claimed by the federal government. The only witnesses who supported the government's estimate were PMAC, the principal beneficiary of Bill C-91, and Dr. Heinz Redwood, former head of corporate planning at Fisons, a large U.K. pharmaceutical company.
>
> In contrast, the committee heard compelling testimony from numerous and diverse witnesses who raised serious concerns about the validity and the credibility of the federal government's estimate. That testimony included, first, for the government of Saskatchewan, that the increase would be $6 to $10 million annually for the province; $35 million over 14 years for the province on 12 drugs; and $150 to $200 million annually for the country.
>
> Second, for the government of Manitoba, up to $150 million for the province over the next 10 years.
>
> Third, for the government of New Brunswick, $342.1 million over nine years for seniors in the province. I repeat; for seniors in the province.
>
> Fourth, for the government of British Columbia, $120 million over 14 years for the province on the drug Vasotec; and $25 million over eight years for the province on the drug Mevacor.
>
> Fifth, for the government of the Prince Edward Island, $500,000 annually for the province on four drugs.
>
> Sixth, Dr. Jim Smith, Nova Scotia Opposition Health Critic, stated that the amount would be $17 million annually for Nova Scotia; up to $1 billion annually for the country.
>
> The Canadian Drug Manufacturers Association indicated that the figures would be $4 to $7 billion over 18 years.
>
> The Consumers Association of Canada stated that the cost would be $7 billion over the next 20 years.
>
> The Canadian Federation of Labour stated that the cost would be $800 million to $1 billion annually by the end of the decade.
>
> The Canadian Union of Public Employees stated that the amount would be $5 to $10 billion over the next decade.
>
> The National Federation of Nurses' Unions stated that the cost would be $12.8 million to $77.3 million, annually, to Canada's public hospitals.
>
> Dr. Stephen Schondelmeyer, international academic expert on the economics of the drug industry, stated that the cumulative cost over five years would be $474 million; the cumulative cost over seven years would be $1.7 billion; and the cumulative cost over 17 years would be $3.6 billion to $7.3 billion.
>
> Based on this evidence, Liberal members of your committee therefore conclude that the government cost forecasts for Bill C-91 are wrong. Not a single witness suggested that the government estimate was excessively high; the overwhelming majority said that it was grossly understated.
>
> In fact, because the federal government is not a stakeholder in the health care system, and because it is not responsible for any of the costs associated with Bill C-91, witnesses questioned the impartiality of government cost projections. Consumer and Corporate Affairs said that the costs of Bill C-91 will be borne by provincial governments, private insurers and consumers. These witnesses were the most critical of the government's cost forecasts.
>
> Your committee heard that provincial drug programs have fallen under great strain since the passage of Bill C-22 in 1987. The province of Quebec has been forced to introduce a $2.00 per prescription user fee for senior citizens. In Nova Scotia, co-payment requirements for prescription drugs were raised on January 1, 1993, from $150 to $400. British Columbia increased its deductible from $74 to $375 per year.
>
> Your committee learned from Dr. Smith of Nova Scotia that pharmaceuticals have become so expensive that poor children have been admitted to hospitals in order to receive drug treatment their families cannot afford to purchase. This costs hospitals between $500 to $600 per day, per admission.
>
> The working poor and seniors will be the hardest hit by Bill C-91. Your committee heard from the National Anti-Poverty Organization that:
>
> > Because most of the working poor do not have access to drug plans, any illness requiring that a drug prescription be filled...can be devastating...it means making critical choices and going without the drug or going without something else as vital as paying this month's rent, buying food or buying winter boots for a child.

One Voice - The Seniors Network, added on behalf of their members that:

> Seniors are major users of medications...their use is dictated by the natural processes of aging and the medical conditions that can arise during that process... A person taking four medications, which is not uncommon, would easily be paying $300 to $400 a year in user fees, (co-payments). These are not free drugs (as Minister Wilson has suggested). Private insurers have steadily raised premiums to cope with the increase in claim amounts and have reduced the list of drug products for which they provide coverage. These are not free drugs either.

An extensive study prepared by the government of New Brunswick found that prescription drugs, which now cost seniors $442 per year, will increase to $798 per year by 1996, and to $1,135 per year by the year 2002.

Labour groups described to your committee how the legislation would hurt not only their members but also their employers. The Canadian Labour Congress testified that:

> Approximately one third of all collective bargaining agreements provide for an employer-provided or shared cost drug plan, meaning that the cost structure of Canadian businesses will be adversely affected by further restrictions on compulsory licensing.

In 1991, the pharmaceutical industry had annual sales of $4.4 billion in this country, an increase of 18.9 per cent over the previous year. It is inconceivable that these exceptionally profitable corporations would open themselves to intense public scrutiny and expend so much time, energy and resources in return for a marginal increase in annual sales. The government's cost estimate for Bill C-91 of $129 million over five years represents an annual increase in sales of 0.6 per cent for the industry. To push so hard for so little, as PMAC has done, defies common sense. Nevertheless, it is what the government is asking Canadians to believe.

The industry's promise to invest $750 million in return for $129 million in new revenues has been greeted with skepticism by many witnesses and by Liberal members of the committee. An industry which promises to spend five times more than it expects to receive is headed for bankruptcy. Bankruptcy has not been a major concern for the pharmaceutical industry.

Liberal senators believe Canadians will pay many multiples of $129 million over the next five years if the legislation is allowed to pass.

Patented Medicine Prices Review Board

In response to concerns expressed about the effects of Bill C-91 on the cost of pharmaceutical drugs, the government claims that provisions strengthening the Patented Medicine Prices Review Board would prevent excessive pricing. However, the board does not have the power to set introductory prices, which is a common practice in other industrialized countries. It is little consolation that a price increase does not exceed the annual rate of inflation, when the introductory price is in the hundreds of dollars. In fact, inflated introductory prices are the logical result of inflated transfer prices which patented medicine companies charge their Canadian subsidiaries for chemicals used in the manufacture of drugs produced in Canada.

One of the government's own witnesses, Dr. Redwood, testified that regulating introductory prices before the drug is put on the market is commonplace in Europe. He told your committee that countries which negotiate introductory prices with the pharmaceutical industry generally have lower prices than countries which allow the pharmaceutical companies to set the price. Liberal members are disappointed the government has chosen to deal with inflated introductory prices only after they occur, instead of avoiding the problem altogether by negotiating entry prices.

Moreover, even the limited powers of the PMPRB have been called into question. Concerns have been raised about the constitutionality of the legislation's price control provisions. Liberal members of your committee believe that the government should refer Bill C-91 to the Supreme Court of Canada for an opinion on this matter, as it did in 1978 with Bill C-60, an act to amend the Constitution of Canada.

Domestic Industry

Liberal members of your committee are also disappointed at the government's apparent disinterest in encouraging the development of a domestically-owned and controlled pharmaceutical industry. The level of foreign ownership, approaching 90 per cent, is already the highest in the industrialized world. Passage of Bill C-91 would only exacerbate this unacceptable situation.

This legislation places a straitjacket on Canada's fine chemical industry by severely constraining its ability to export.

Your committee heard that it will become illegal in some cases for our fine chemical manufacturers —

They are fine manufacturers, but here "fine" refers to "fine chemical" —

> — to continue supplying products to existing customers overseas! Fine chemical manufacturers will be required

to abandon those markets or move their production facilities outside Canada. This is unacceptable.

Canadian manufacturers of generic drugs will face similar constraints. Your committee was told that Bill C-91 will make it illegal for those companies to export their products anywhere in the world, including the United States, before the Canadian patent is expired, even if the patent has expired in those other countries.

Representatives of one generic manufacturer testified that this provision will force them to move their operations to the United States in order to access foreign markets. This is because it is frequently the case that foreign country patents, particularly U.S. patents, expire before the Canadian patents. Although the Minister of Industry, Science and Technology, Michael Wilson, acknowledged the problem, he refused to correct it by means of an amendment.

Health Care

Your committee heard many witnesses call into question the federal government's commitment to Canada's national health care system. Bill C-91, when combined with continuing cutbacks to federal transfer payments, will put a serious strain on the ability of provinces to fund their health care programs.

In 1987 the federal government committed $100 million to the provinces as partial compensation for the increased costs associated with Bill C-22. With Bill C-91, the Honourable Michael Wilson explicitly rejected any contribution from the federal government, forcing provincial governments to assume responsibility for all new costs that will accrue to their hospital and drug plans.

Liberal members questioned the principle of one level of government enacting legislation whose cost will be borne by another level of government, especially when none of the cost will be borne by the government introducing the legislation.

Though some pharmaceutical companies may resent active government participation in the health care field, as evidenced by the statement: "The tentacles of government planning are slowly gripping the health care system of many western nations," made by Mr. Vaughn Bryson, CEO and President of Ely Lilly and company, in the company's 1991 annual report, the overwhelming majority of Canadians value highly our national health care system. With Bill C-91, the government has shown where its loyalties lie.

The differences the government and the Liberal members have on this bill stem from a fundamental difference of opinion. The government views Bill C-91 as an industry-trade measure, while Liberals see it as health care legislation.

Retroactivity

The government insists that Bill C-91 must be retroactive to December 21, 1991 because of our "international obligations". The General Agreement on Tariffs and Trade, however, specifically provides for a one-year transition period to allow signatory states time to comply with its provisions. Article 65 (1) of the Dunkel text states:

> No party shall be obliged to apply the provisions of this agreement before the expiry of a general period of one year following the date of entry into force of the agreement.

Liberal members of your committee felt all provisions of Bill C-91 should come into force upon Royal Assent and not before.

Conclusion

When Judith Erola, President of PMAC, was asked what would be the consequences if Bill C-91 failed to pass, she replied: "It would be a tragedy." The real tragedy would be if the government succeeds in imposing this legislation on an unwilling population at the behest of international business concerns. There is no honour or pride in being part of a country that gives in to the profit-mongering of large corporations at the expense of its citizens. Liberal members of your committee therefore recommend that it not be proceeded with.

If the government chooses to proceed, notwithstanding the overwhelming weight of the evidence presented to your committee, the legislation should be amended to address, among others, the following concerns:

retroactivity

ability of the Canadian fine chemical manufacturers to remain internationally competitive

opportunity for generic manufacturers to undertake the necessary preparatory work in anticipation of the expiry of a patent on a pharmaceutical drug.

introductory price regulation

provincial compensation.

Mr. Speaker, I am quite aware of the fact —

Senator Barootes: Why are you addressing him as "Mr. Speaker"?

Senator Frith: Because the question of privilege is before the Speaker.

I am aware that the Chair has already ruled on an earlier occasion that it is not the business of the Chair to try to overrule or change decisions made in a committee. That is why we are bringing this question of privilege forward; to point out that it is not a matter of interfering, but a matter of saying and finding that the privileges of members of the committee, and therefore members of the Senate, were being interfered with when they participated in committee proceedings and only half of the decision made was reflected in the report.

Therefore, although I am subject to correction by Senator Olson — it is his point of privilege — perhaps we can agree that the report before us is the report presented with a minor change, as noted by Senator Barootes acting for the chairman. I am talking about the last sentence at the bottom of page 10, which reads in the English portion of the government report:

> With respect to medication, public education programs should be developed and directed to specific groups such as the...

and there are no more words to end the sentence. It goes on to observation No. 8. Something must have been missed, and we agree that that should go in, whatever it is.

If it includes what I have read, which is the other part of the decision made by the committee, then I believe it would be acceptable for the Speaker and for the Senate to receive the report. We can then debate it in due course.

• (2120)

Senator Lynch-Staunton: Honourable senators, this is a highly irregular proceeding. However, since the Chair accepts it, we shall carry on accordingly.

A report from a committee which was tabled without amendment is tabled without amendment, so there is nothing that the rules —

Senator Frith: We are not arguing with that. We are arguing about the observation which is not complete.

Senator Lynch-Staunton: I did not —

Senator Gigantès: How about changing a unanimous decision without telling half the committee?

Senator Lynch-Staunton: Fine. Let me expand on that. On Friday morning, the committee met *in camera* and agreed to the following: That the bill would be reported without amendment, on division; that observations common to both sides would be reported or written out unanimously, which is in the report; that observations which the government side may want to make, and which had not received the approval of the members of the opposition, will be done so accordingly —

Senator Frith: And not edited.

Senator Lynch-Staunton: And would be done so accordingly.

Senator Frith: And not edited!

Senator Lynch-Staunton: You were not there, Senator Frith, so I would be very cautious about being a witness —

Senator Frith: I have heard what people have said. What was said is on the record.

Senator Lynch-Staunton: Yes. What I am saying —

Senator Frith: — by someone who was there.

Senator Lynch-Staunton: What I am saying will also be on the record. It was also agreed that members of the opposition who had observations which did not meet with the agreement of the government side would do so. It was also agreed —

Senator Gigantès: Would do what?

Senator Lynch-Staunton: It was also agreed that for purposes of coherence, for proper editing, or for a succinct report, that both sides would get together over the weekend and exchange their observations. This is something which neither Senator Olson nor Senator Cools has mentioned. Both sides would get together.

Senator Olson: I did.

Senator Lynch-Staunton: Both sides would get together and exchange —

Senator Frith: And they did.

Senator Lynch-Staunton: You were not there, Senator Frith.

Senator Frith: I know they did, because the material was prepared partly through my office. I know it was done. They exchanged —

Senator Lynch-Staunton: Do you want to carry on? Were you there on Sunday at the meeting?

Senator Frith: That is when your editing started.

Senator Lynch-Staunton: There was no editing. There was no editing.

Senator Frith: Those are facts I know about.

Senator Austin: How about intercepting?

Senator Lynch-Staunton: "Intercepting" is a buzz word from your side. There was even less intercepting. At the meeting on Friday, Senator Kirby had a report, which I think was called "Liberal Minority Report", of 36 pages.

Senator Olson: No.

Senator Lynch-Staunton: Thirty-five pages?

Senator Olson: No.

Senator Lynch-Staunton: He was asked whether that would be his observations. He said no. From this record, observations —

Senator Frith: Who said no?

Senator Lynch-Staunton: Senator Kirby.

Senator Frith: He said no?

Senator Lynch-Staunton: He said no. He said the 36 page report was a minority report, which he agreed was not exactly what we were talking about when it came to observations. I am sorry that Senator Kirby is not here tonight to confirm that.

Senator Frith: So are we.

Senator Lynch-Staunton: I am looking forward to his being here, and confirming it. We have discussed this matter since, over the telephone.

Senator Frith: So have we. We will see.

Senator Lynch-Staunton: Were you there too, Senator Frith? You are everywhere. You are omnipresent. Unbelievable. We never see you during the week, but you are always there. That's remarkable. I am sure that Senator Kirby missed you when you were there.

Senator Frith: Settle down, sir. You said you spoke to Senator Kirby. I simply said that I, too, had spoken to Senator Kirby.

Senator Lynch-Staunton: I said he agreed that his 36 page report would not form part of what were to be defined as observations.

Senator Frith: We shall see.

Senator Lynch-Staunton: We shall see. Well, carry on and mumble, and hopefully —

Senator Frith: That is not a mumble. We shall see. Is that clear enough?

Senator Gigantès: How did 27 become 36 suddenly?

Senator Barootes: It was actually 26 pages.

Senator Lynch-Staunton: Twenty-six pages? When you read it, it seems like 100. If I am only inaccurate on numbers, I am doing pretty well.

Senator Gigantès: Innumeracy raises its ugly head. We have always said they could not read, and now we see they cannot even count.

Senator Lynch-Staunton: Discussions were held this morning with Senator Kirby and with Senator Kirby's researcher, and it was strongly urged on both of them that the definition of "observation" should be something we could all agree on. Where the dispute —

Senator Olson: You wanted freedom to do your editing.

Senator Lynch-Staunton: That is incorrect, sir. That is incorrect.

Senator Olson: That is exactly what happened.

Senator Lynch-Staunton: Senator Kirby will be the first one to confirm that his 27 or 30-page document was not what we agreed were observations.

Senator Olson: You agreed you would not edit it?

Senator Cools: When did you agree what "observations" would be? When did you define that?

Senator Lynch-Staunton: We have yet to agree. This is unfortunately —

Senator Gigantès: So it is *ex post facto* decision-making by you, not by the committee.

Senator Lynch-Staunton: I will finish on this. The only thing that the opposition was asked to do was to try and summarize their observations along the same lines as the formality of the report, and not take up too much space.

Ask your researcher; ask Senator Kirby; ask anyone: At no time was the opposition asked to eliminate, change or amend part of their report. They were only asked to keep it short, brief and to the point.

Senator Frith: It is short, brief and to the point.

Senator Lynch-Staunton: Let me finish.

The Hon. the Speaker: Order, please.

Senator Lynch-Staunton: Then the researcher came back and said, "While we prefer to have the lengthy report, here we have a four or five page report," which I think is the one you have read. Four and a half pages, right?

Senator Frith: No.

Senator Lynch-Staunton: How long is it?

Senator Frith: It was more than four pages.

Senator Lynch-Staunton: He submitted one and said —

Senator Frith: Yours is 11. Is that why ours was too long?

Senator Lynch-Staunton: It is not ours; it is the committee's.

Senator Frith: Yes, yours.

Senator Lynch-Staunton: The report says it is unanimous.

Senator Gigantès: You were such a nice guy. They corrupted you.

Senator Lynch-Staunton: The researcher submitted a distillation, which came down to four and a half to five pages. I did ask him, "Can you make it any briefer?" He said, "Let me think about it." He came back and said, "No, I cannot."

Senator Frith: Did they ask you to make yours any briefer? Was it only you who were asking for brevity?

Senator Lynch-Staunton: All our observations are unanimous. There are no government observations. The observations in the report are those that reflect the views of both sides.

The researcher then said, "No, I have gone as far as I can." I said, "That is fine. I think it should be shorter, but if that is what you want, go to the Parliamentary librarian, go to the translation, and that is fine." That is the last time I saw it.

Senator Frith: We never agreed to that.

Senator Lynch-Staunton: Careful, now. It was agreed on Friday that we would exchange ideas and whatever arose from those. What happened from the time around 5 clock or 4.30 when I said, "I do not agree with it, but if this is what you want, go for it," and tonight, I cannot answer, and I certainly take no responsibility for it. However, I can assure you that no one on this side stopped a report from the Liberal side from going into the final report of the committee, and I find reprehensible any suggestion to that effect.

Senator Gigantès: The devil made you do it. There is Flip Wilson again.

Senator Lynch-Staunton: Speak to your people. They were in discussion. Your people were in discussion with the person editing the report.

Since the principal witness to this whole discussion, Senator Kirby, is not here, I suggest that we await his return, and I will be very happy to expand even more on exactly what happened.

Senator Gigantès: Senator Kirby was not a witness to the tricks you played today.

Senator Lynch-Staunton: There were no tricks played today.

Senator Gigantès: Our report does not appear, and that is not a trick?

Senator Frith: The tricks were played yesterday, mostly, and the day before.

Senator Lynch-Staunton: Because you refused to have your report put in.

Senator Frith: Honourable senators, I understand the acting leader of the government has suggested that since Senator Kirby, who was the vice-chairman of the committee, is not here, and since he will be here tomorrow, we adjourn this whole question until then.

Senator Lynch-Staunton: No, no.

Senator Frith: That is not what you said? That is what you just said 30 second ago.

Senator Lynch-Staunton: No, no. I do not want to be accused of cutting off the debate. Keep babbling.

• (2130)

Senator Frith: That is what you said just 30 seconds ago. Who knows what you will say 30 seconds from now?

Hon. Efstathios William Barootes: Honourable senators, if the bray from the other side would stop for a minute, I should like to add what I understood about that to which we had agreed..

Senator Frith: Here is a nice, responsible senator into name-calling.

Senator Barootes: I have better names for you, sir.

This is what I feel was agreed to, and I think most honourable senators will confirm this because it is not far from what has been suggested by senators opposite. When we met on Friday morning we agreed to present to senators opposite — and we did so present — an outline of eight major points that are included in the report of the committee. I think it was agreed among all of us from both sides of the house that these were valid points and that they were also included in the report of those opposite. That being so, we agreed that those eight would go in as the "unanimous remarks" of the committee. As I heard the report being read, I think it was said that they were unanimous.

As has been pointed out, it was also agreed that there might be points to be made to which one side agreed and to which the other did not. My understanding, and I hope this will be confirmed because it is my honest recollection, is that if there were points to be made by a small group, points which were not unanimous, then they would be prefaced by the words, "Some members of the committee..." which would be followed by brackets into which would be included the word Liberal or Conservative, "...also felt that these appropriate concerns should be voiced:"

We on this side did not have any other points to make other than the eight to which we all agreed. Therefore, if senators opposite had other observations to make, they were free to make them in a form not dissimilar to the one to which we agreed.

The problem was that the verbiage, the wording, was not exactly agreed to. What was agreed to was to be left. It was agreed that a couple of scribes would get together and, on the basis of the principles to which we had agreed, would put what was left into some form for inclusion in the report.

I think it was agreed that a couple of members, one from the side opposite and one from our side, would check this matter out on Sunday to ensure that everyone was in agreement. If members opposite had points to make —

Senator Olson: You agreed that you did not have to agree to all observations.

Senator Barootes: I am talking about the unanimous part, the eight observations. If you had other observations to make, I think Senator Kirby suggested that you would let us see them as a courtesy.

Senator Olson: We did, too.

Senator Barootes: We do not want to edit them or to change them. It is your privilege to put them in.

I understand that on Saturday the 26-page report, to which my Deputy Leader has referred, was made available to some members of the press as a minority report. In fact, I have a copy of it in my hand and it says on the top, "Minority Report".

I read from this great green book, which is *Beauchesne*'s, the Bible, under "Reports to the House":

> It is the custom to include the opinions of dissenting Members in the committee report.

So, you are perfectly right in doing that.

> No separate minority report may be tabled in the House. *Journals*, March 16, 1972, p. 194.

The words "Minority Report", honourable senators, is not a good choice of words. It is a little offensive. We are all together in one committee and we reported that way. A minority report is not a feasible or a proper thing to do. It is inappropriate to make such a report.

However, I must also comment on the point of privilege that was raised. It is not a point of privilege. It appears to me to be a point of order that was raised. We have had a suggestion from the Chair —

Senator Olson: It is privilege absolutely.

Senator Barootes: I was so pleased to hear the clear voice of the Leader of the Opposition who read the report. Unfortunately, in my opinion the manner in which this was done today would have been more appropriate as part of the debate at third reading. Senators across the way were given the opportunity of having their four or five pages — I had no part in that — appended at the end.

Senator Austin: How was it missed?

Senator Lynch-Staunton: Ask your people.

Senator Barootes: I do not know why it did not appear. It sounds to me as though your researcher, who took it back, either did not proceed to have it appended to the report, or chose to do what was just done; to have it read in this chamber in a different way.

Senator Cools: Don't pick on the poor staff. Pick on us.

Senator Lynch-Staunton: Pick on Kirby.

Senator Barootes: I think it was Senator Kirby's researcher who was doing that. I do not know why he did not put it in. I would have been pleased to see it in there. That would make the report complete. Now that you have improperly read it into the record, it is there in any event.

The observation I make is that many of the things that you have said are absolutely right. We had agreed to them, and I think we on the government side fulfilled our obligation to make the report available.

As I understand it, at 4 or 4.30 p.m. this afternoon you had a report. You were told to give it to the Clerk to have it added to the report.

Senator Austin: Who was told that?

Senator Frith: It did not happen that way, senator. What actually happened is on the record. It is a part of the record. We will debate the matter at any rate. Why not just accept it and go on with the business?

You have given your notice. We can start the debate tomorrow and it will be done.

Senator Barootes: I thank honourable senators for allowing me to put on the record my recollection of what happened. I did not miss a single minute of the committee meetings which were held in public, or any of its in-camera meetings.

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

BUSINESS OF THE SENATE

Hon. Jack Marshall: Honourable senators, on behalf of Senator Kinsella —

Hon. John Lynch-Staunton (Deputy Leader of the Government): What are we calling now? We have gone through 60 minutes of a 30-minute period. Are we to ignore all the rules, Your Honour?

Hon. Philippe Deane Gigantès: Honourable senators, in the *Shorter Oxford Dictionary of Historical Principles* I have found a definition which shows that Senator Lynch-Staunton is quite right. Under the verb, "to edit", there is a special

meaning which is the one I think he means to put forward. It states, "to garble or to cook a document".

The Hon. the Speaker: Honourable senators, rule 23(7) states:

> Not later than 30 minutes after the first item is called in accordance with section (6) above, regardless of the progress then made on the items listed therein, the Speaker shall interrupt any proceedings then before the Senate and shall forthwith call for the following:
>
> Question Period.

• (2140)

Honourable senators, is it agreed, or do you wish to waive that provision?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Yes, on the understanding that we will still have Question Period.

Hon. Royce Frith (Leader of the Opposition): The leader is not here, in any event.

Senator Lynch-Staunton: I do not think the leader will be returning.

Senator Frith: If he is not here, the holding of Question Period seems somewhat academic. Perhaps we should deal with whatever government business the Deputy Leader of the Government wishes called, and postpone our questions until tomorrow.

Senator Olson: Will you give us two half-hours tomorrow?

Senator Frith: That is fair. I know you will agree to that.

Senator Lynch-Staunton: May we then carry on with Routine Proceedings on the understanding that we will not have Question Period?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

REPORT OF SUB-COMMITTEE ON VETERANS AFFAIRS

Hon. Jack Marshall: Honourable senators, on behalf of Senator Noel Kinsella, Acting Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, and with the agreement of the committee, I have the honour to table the fourteenth report of the Standing Senate Committee on Social Affairs, Science and Technology regarding its inquiry into *"The Valour and the Horror"*.

Honourable senators, I move that the report be placed on the Orders of the Day for consideration at the next sitting of the Senate.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Royce Frith (Leader of the Opposition): I should like to raise a procedural point after the Speaker has put the motion.

The Hon. the Speaker: There is a motion by Senator Marshall that the report be placed on the Orders of the Day at the next sitting of the Senate.

Senator Frith: I wanted to point out that I have a motion on the Order Paper that the committee discontinue its hearings and not report. There is obviously inconsistency between the tabling of the report and the motion. My motion is effectively made academic by the fact that the committee has tabled its report. It would be rather fruitless to debate a motion that they should not report when they have already reported.

Therefore, procedurally, the most efficient way of dealing with that is for me to raise my objections and my criticisms about this committee's activity when the report is taken into consideration. Therefore my motion should be dropped from the Order Paper, because I can make my comments at that time.

On motion of Senator Marshall report placed on Orders of the Day for consideration at the next sitting of the Senate.

CONFLICT OF INTERESTS

REPORT OF SPECIAL JOINT COMMITTEE

Hon. Donald H. Oliver: Honourable senators, on behalf of Senator Stanbury, and pursuant to rule 105, I have the honour to table a report of the Senate expenses incurred by the Special Joint Committee on Conflict of Interests during the Third Session of the Thirty-Fourth Parliament.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 75 residents of Ontario who object to the goods and services tax.

Most of these petitions are from Willowdale, Toronto, Thornhill, Don Mills, North York, Agincourt and Pickering.

I also have the honour to present petitions signed by 131 residents of New Brunswick who object to the goods and services tax.

Most of these petitions are from Sheila, Tracadie, Haut Sheila, Val Comeau, Fredericton, Oromocto, Saint John, Perth, Andover, Florenceville, Aroostook and Grand Falls.

The petitions were signed in December 1992, less than a month ago; a detail of interest to Senator Murray, who is not with us today.

This represents a total of 206 petitioners who persist in their opposition to the GST, and especially the way it affects books and periodicals.

The government stubbornly refuses to listen to the pleas of Canadians whose sole weapon is their signatures on petitions. The day will come, however, when they mark a simple «X» on a ballot.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I also have petitions to the Senate of Canada calling upon senators to do everything possible to abolish the goods and services tax; and the petitioners demand that a general election be called immediately.

The petitioners are from, in Ontario, Ancaster, Dundas, Hamilton and London; in Alberta, Falher, Girouxville, Rainbow Lake and Valleyview; in Quebec, Belcourt, Bishopton, Buckingham, Chance Harbour, Danville, Gatineau, Hull, Melbourne, Packington, Richmond, Senneterre, Templeton, Val D'Or; in Nova Scotia, Antigonish, Malignant Cove, Mirigomish, Oxford, and Wirral; and in New Brunswick, Aroostook, Arisaig, Black's Harbour, Fredericton, and Grand Falls. These are all handwritten and signed.

The totals are as follows: From Alberta, one petition with 23 names; from Quebec, 14 with 285 names; from Ontario, 2 with 17 names; from New Brunswick, 4 with 66 names; and from Nova Scotia there are also 4 with 66 citizens' names.

QUESTION PERIOD

BUSINESS OF THE SENATE

Hon. H. A. Olson: Honourable senators, in the absence of the Leader of the Government, will the deputy leader undertake to assist me in getting an extension of Question Period tomorrow? I have a number of questions about some extremely important matters, for instance the GATT negotiations which have resumed since we last met in December. They are of vital concern to a large number of Canadians. I would also like to ask a few questions about monetary policies. Some people are talking about the recession being over, and others would like to have that explained to them.

I do not intend to take up 30 minutes by any means, but I might want seven or eight minutes. I am sure all of my colleagues will also have a great number of questions. Would the deputy leader undertake to support having a little longer Question Period tomorrow?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, the rules are clear that questions are to be asked without a preamble. I am sure that if honourable senators follow that rule, 30 minutes will be more than ample.

Senator Olson: That is not quite good enough. I put only enough preamble before a question to ensure that the minister understands what I want an answer to. I would not want to leave him confused. Setting that aside, would the deputy leader give us an undertaking to help us? I know of his great influence. If he would give us a commitment to stretch Question Period a little, we might get answers to a lot of our questions. We have not met for five or six weeks, and there are a lot of things to discuss.

Senator Lynch-Staunton: Honourable senators, this chamber decides when it wants to bypass the rules, and I am sure that if Senator Olson asks for leave tomorrow for an extension of the 30 minutes, this house could be quite sympathetic to his request.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): In the absence of the Leader of the Government, I will not be asking him questions, but there were a number of questions outstanding when we last met. Does the Deputy Leader have some deferred answers for us?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Yes, I have a number of them here. This is not in response to the question of Senator Molgat, but I remember that on June 19 he made reference to my anniversary, so I would like to make reference to his anniversary today and wish him a very happy birthday.

Senator Molgat: Thank you very much.

Senator Lynch-Staunton: I have answers to questions asked on December 2 by Senator Molgat regarding the task force on the military history museum collection; by Senator Stollery on the Genesis Media Company; by Senator Bosa on refugees from Yugoslavia seeking asylum in Canada; to questions asked on December 7 by Senators Stewart, Gigantès and Molgat regarding the Auditor General's report on contract hiring practices, and by Senator Muir on the *Young Offenders Act*; to a question asked on December 8 by Senator Gigantès on the effect of NAFTA on negotiation of trade subsidy definitions; to a question asked on December 10 by Senator Austin regarding the formal announcement of the separation of the Prince and Princess of Wales; and to a question asked on December 17 by Senator Petten regarding the allowing of Portuguese and Spanish vessels to harbour at East Coast ports.

NATIONAL DEFENCE

REPORT OF TASK FORCE ON MILITARY HISTORY MUSEUM COLLECTIONS — GOVERNMENT POSITION

(Response to question raised by Hon. Gildas L. Molgat on December 2, 1992)

The Task Force on Military History Museum Collections in Canada has made an important contribution to our understanding of the issues and challenges which face Canada's Military Museums.

The Government recognizes the important role played by these museums in the preservation and interpretation of Canada's military heritage and in the commemoration of wartime sacrifice.

At the same time, you can appreciate that the Task Force's recommendations must be viewed in the context of the current climate of fiscal restraint and expenditure reduction.

The Department of Communications offers a number of programs and services through which many of the developmental needs of military museums may be addressed. These include heritage services' the Museums Assistance Program, the Cultural Initiatives Program, the Canadian Conservation Institute and the Canadian Heritage Information Network.

Military Museums are encouraged to take full advantage of these programs.

With regard to the Canadian War Museum, the Department of Communications is presently working with officials of the Canadian Museum of Civilization, which is responsible for the War Museum, to seek a solution to the Museum's Accommodation needs and to facilitate the refurbishment of the exhibits.

The Government has approved $1,083,000 over three years, towards improving environmental conditions at the Canadian War Museum and developing the Museum's conservation program.

THE CONSTITUTION

PURCHASE OF MEDIA TIME AND SPACE — REQUEST FOR INFORMATION

(Response to question raised by Hon. Peter A. Stollery on December 2, 1992)

The following costs were incurred by the Government in order to purchase media space from Genesis Media during the months of September and October 1992 :

August 31 - September 27:	$ 7,564,246.62
September 28 - November 1:	$ 30,385,488.12
October 19 - 25:	$ 8,366,217.51
October 26 - November 1:	$ 3,270,571.32

A Shop-Canadian outdoor advertising campaign ran for four consecutive weeks, effective August 31st 1992, at a cost of $581,666.50 (excluding GST).

In reference to the other two campaigns: Canada 125 and Federal-Provincial Governments want a constitutional agreement, no purchasing was done by Genesis Media.

YUGOSLAVIA

REFUGEES SEEKING ASYLUM IN CANADA — GOVERNMENT POSITION

(Response to question raised by Hon. Peter Bosa on December 2, 1992)

The Special Measures Program was introduced for citizens of former Yugoslavia in response to the appeal of the United Nations High Commission for Refugees (UNHCR). Up to 26,000 persons from former Yugoslavia will benefit from provisions of the Special Measures Program.

Moreover, as part of a special appeal from the UNHCR, the federal government committed to accept 500 ex-detainees and their family members for resettlement under our refugee program. The first arrived last week with the last of them to arrive within the next two or three weeks. The federal government will, in fact, have slightly exceeded its commitment due to more family reunions than expected among the ex-detainees prior to departure for Canada.

The Department of Employment and Immigration will continue to monitor the events in the area of conflict to ensure that these measures continue to respond to the conditions of the region.

ECONOMIC STATEMENT

CRITICISM IN AUDITOR GENERAL'S REPORT OF GOVERNMENT CONTRACT HIRING PRACTICES — GOVERNMENT POSITION

(Response to questions raised by the Hon. John B. Stewart and the Hon. Philippe D. Gigantès on December 7, 1992 and by the Hon. Gildas L. Molgat on December 8, 1992)

The Auditor General's staff verified all their findings with the departments concerned regarding contract hiring

practices of retired employees. The Treasury Board therefore has no reason to doubt the validity of the findings mentioned in the Auditor General's report.

The Government's policy for all contracts, including those for professional services, requires that competitive selection be the norm. There are exceptions permitted for lower-value contracts, in emergencies, where only one firm or individual can supply the good or service, and where a minister decides that it is not in the public interest to call for bids.

When bids are solicited, the fee paid is traditionally the market or going rate for the service provided. The policy expects the Crown to pay no more or no less than what would be paid for the same type of work in the private sector.

In those allowable situations where competition is not pursued, the policy requires that the contractor first demonstrate his or her market rate based on previous contracts with the private or public sector for similar work. This is then used as a basis for negotiation of a fair price for the work to be performed.

Experience has demonstrated that imposition of a fee limitation or set rate only results in a "threshold" situation where pressure is then made by contractors to receive some negotiated figure higher than the "threshold" or basic fee allowed.

JUSTICE

YOUNG OFFENDERS ACT — REQUEST FOR AMENDMENTS

(Response to question raised by Hon. Robert Muir on December 7, 1992)

Parliament just passed Bill C-12. The amendments to the *Young Offenders Act* have addressed some of the key problems caused by violent youth in a way that balances protection of the public and rehabilitation of the youth. This law must be given a chance to work.

The Minister of Justice is concerned about what appears to be some misunderstandings about youth crime.

- 87% of violent crime is committed by adults;

- 87% of youth crime is non-violent crime;

- about 50% of violent youth crime is for common assault;

- 0.1% involved murder charges (30 cases);

- 70% of all youth charges are for property offences;

- of those property offences, 42% were minor thefts.

There is an impression that police and Crown hands are often tied in dealing with young offenders. In fact, police have the same powers of investigation in both systems. There is a higher charging and conviction rate for youths than for adults.

It is important not to blame the *Young Offenders Act* for social problems that are beyond its scope. Many young offenders have problems that arose and should have been treated long before their involvement with the criminal justice system.

A comprehensive proposal is being developed by the Department of Justice which is designed to look at the problems of youth crime in their entirety. These include proposals for legislative amendment, crime prevention, public and professional education and research.

CANADA-U.S. FREE TRADE AGREEMENT

EFFECT OF NAFTA ON NEGOTIATIONS OF TRADE SUBSIDY DEFINITIONS

(Response to question raised by Hon. Philippe D. Gigantès on December 8, 1992)

The NAFTA explicitly provides in Article 1907.2 that the parties will consult on:

(A) "the potential to develop more effective rules and disciplines concerning the use of Government subsidies; and

(B) the potential for reliance on a substitute system of rules for dealing with unfair transborder pricing practices and government subsidization".

What has been dropped is an explicit time frame for reaching agreement on a substitute regime (5 to 7 years).

However, Article 1504 of NAFTA provides that: "the Commission shall establish a Working Group on Trade and Competition, comprising representatives of each Party, to report, and to make recommendations on further work as appropriate, to the Commission within five years of the date of entry into force of this Agreement on relevant issues concerning the relationship between competition laws and policies and trade in the free trade area".

Finally, the draft Dunkel Text of the GATT MTN holds out the prospect of substantially improved disciplines on subsidies and countervailing duty laws.

THE ROYAL FAMILY

FORMAL ANNOUNCEMENT OF SEPARATION OF PRINCE AND PRINCESS OF WALES — CONSULTATION WITH CANADIAN GOVERNMENT

(Response to question raised by Hon. Jack Austin on December 10, 1992)

The Governor General and the Government of Canada were not, and did not need to be, formally consulted prior to Prime Minister Major's announcement of the separation of the Prince and Princess of Wales.

The only requirement for the involvement of the Privy Council for Canada is in the event of a Royal marriage involving the heir apparent to the Throne. This practice flows from the *Royal Marriages Act, 1772*, by which the Queen declares Her consent to a royal marriage before Her U.K. Privy Council. A parallel declaration to Her Privy Council for Canada fulfils the requirement for the proper succession of the Crown in Canada. This signifies that the consent is given on the advice of Ministers, as befits a constitutional monarchy. Thus, the Sovereign's consent was formally declared to the Privy Council for Canada for the marriage of Princess Elizabeth in 1947, and for the marriage of Prince Charles in 1981.

As noted by Prime Minister Major, the separation of the Prince and Princess of Wales has no constitutional implications and does not affect the succession to the Throne. Therefore, there was no need to involve the Canadian Government as in the case of the royal marriages of 1947 and 1981.

FISHERIES

AGREEMENT ALLOWING PORTUGUESE AND SPANISH VESSELS TO HARBOUR AT EAST COAST PORTS — REQUEST FOR INFORMATION

(Response to question raised by Hon. William J. Petten on December 17, 1992)

Canada and the European Community (EC) have reached agreement on ending their long-standing differences regarding conservation and management of northwest Atlantic fish resources.

The EC has agreed to comply with all conservation and management decisions, including quotas, made by the Northwest Atlantic Fisheries Organization (NAFO), responsible for management of stocks outside Canada's 200-mile limit.

The EC will ensure effective control of fishing by its vessels in the northwest Atlantic, so that EC catches do not exceed the quotas set by NAFO.

Canada and the EC will work together to end fishing in the NAFO Regulatory Area by vessels from countries that are not members of NAFO and on measures to reform NAFO, notably a joint proposal for a dispute settlement mechanism in NAFO to avoid abuse of the objection procedure.

After the end of the current moratorium on fishing for northern (2J3KL) cod inside the Canadian fishing zone, an amount equal to 5% of the Total Allowable Catch for the stock will be distributed by NAFO Contracting Parties, including the EC, for fishing by them. Scientific advice indicates that on average 5 per cent of the total 2J3KL cod biomass is outside the 200-mile limit.

When both parties have formally approved the agreement, EC vessels will regain access to Canadian ports and waters to fish any surplus allocations or to participate in any commercial arrangements that may be approved by Canada.

The agreement can be terminated on 60 days notice if problems arise that cannot be resolved through consultations with the EC.

The Government consulted extensively with industry, union and provincial government representatives on the discussions with the EC. Regular consultations will continue on implementation and operation of all aspects of the agreement.

The fisheries agreement reached with the EC is an important step toward ending foreign overfishing of northwest Atlantic fish resources outside Canada's 200-mile fishing zone. If the agreement is successfully implemented, we should be able to look forward to rebuilding of northern cod and straddling stocks and sustainable harvesting of these resources.

AGRICULTURE

REPORT OF FEDERAL STUDY ON REGULATION OF GRAINS AND OILSEEDS INDUSTRY— REQUEST FOR COPY

Hon. John Lynch-Staunton (Deputy Leader of the Government): In response to Senator Molgat's request in the Senate on December 8 for a copy of the report of the federal study on regulation of the grains and oilseeds industry, I now table said report.

ORDERS OF THE DAY

BILL TO DISSOLVE OR TERMINATE CERTAIN CORPORATIONS

THIRD READING — DEBATE ADJOURNED

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the third reading of Bill C-63, to dissolve or terminate certain corporations and other bodies.

Hon. Finlay MacDonald: Honourable senators, what appears to have happened with Bill C-63 is that, in its budget of last February, the government eliminated six organizations by simply stopping their funding. They have not operated for months, they are gone, but they are still legal entities. The Senate is required to pass the bill so that the statute book will be clear, to confirm legally what has already happened administratively.

I have read and reread the remarks of the sponsor of the bill, Senator Kelly, who spoke almost with sorrow on the death of these agencies. He said, and I quote:

> I know the wind-up of these organizations will be interpreted by some as indicating that the government evaluated their contributions and found them wanting. I am sure this is not the case. These organizations have performed an important and valuable role for which their managers and employees justifiably can feel proud. There is no dishonour in Bill C-63 for these organizations, or for their staffs. It is simply that, in these days of very tough economic times and budgetary restraint, cuts must be made and, inevitably, these cuts will hurt.

Then six opposition senators spoke on this bill at second reading, raising a number of questions that I surely thought would have occupied the attention of the National Finance Committee to which this bill was referred on December 16.

Incidentally, I thought it was a pity that, of the six Liberal senators who spoke so eloquently at second reading, only one cared to attend the committee meetings. Honourable senators will know that the legislative committee in the other place called 31 witnesses from the six agencies involved and heard some interesting testimony.

What did we do in the Senate? Our committee heard from only one witness, the Minister of Privatization, not the Minister of Finance, who gave no explanation or answers to the questions raised by the senators at second reading. He said simply, and I quote, "Canadians from every region and every walk of life told us in no uncertain terms that they wanted government to be more streamlined and less wasteful."

That was it, honourable senators. No further witnesses were to be called; there was no clause-by-clause study; there was no intention to draft a report which might at least contain some comments or observations. Fifty-nine minutes later, it was all over. It was moved that the bill be reported without amendment, and approximately an hour and a half later, here in a full chamber at our evening session the same day, December 16, the bill was so reported to the Senate.

Why in the name of God did this bill ever go to committee? Surely we did not assume that the committee in the other place had done our work for us. There was none of the usual deadline pressure to have it passed. We could have spent all of January hearing some very learned evidence. There might even have been a clause defeated by a negative vote had there been a clause-by-clause opportunity.

Honourable senators, I am trying to do this within my 15-minute time limit. I hope that, if necessary, you might give me an extra minute or two —

Some Hon. Senators: Agreed.

Senator MacDonald: — to explain why I speak tonight, not so much in anger but in frustration. I must, at the very least, give the reasons why I cannot support this bill, particularly tonight and under circumstances which give me little joy.

We all know that there is a widespread perception in our society that chronic government deficits are caused by waste and mismanagement. It is a perception which is consciously encouraged and promoted by those who wish to gain power and retain power, for it allows the public to believe that there is a painless way to solve our serious financial problems. I think the phrase for that is "politically distractive".

In December of 1992, one poll showed that an overwhelming majority of Canadians, 81 per cent, remain of the view that inefficiency and wasteful spending of the federal government are the primary causes of the deficit. That is four out of five Canadians.

• (2200)

In a world where perception is reality, and where the perceptions of people are often at variance with fast changing circumstances, legislators who propose public policies designed to address the perceptions of people, rather than the reality, are doing the country a grave disservice. It allows politicians seeking power to leave voters with the impression that the elimination of waste and duplication will eliminate the deficit, which we are incurring on an annual basis.

As a corollary, it leaves voters with the perception that the continuing existence of a deficit means that there is rampant waste through duplication in government, a perception which is simply not true. Yes, there is always room for greater efficiency in government, but the simple and sad truth is that the savings which can be generated by the elimination of waste are but a drop in the bucket — a bucket of red ink.

What does this have to do with the bill before us? The sad fact of modern political life that "perception is reality" leaves the governing party with a fundamental choice: either they cater to the prevailing perception or they attempt to change it so that the perceptions match reality. In the bill before us, I suspect, the Minister of Finance and his bureaucrats have chosen the former course.

I am disappointed at the thought that the elimination of these six boards and agencies might be nothing more than a symbolic act to protect the party's right flank from attacks from the dreaded Reform Party — to cause sufficient pain and to spill enough blood to impress the voters.

Senator Fairbairn: You are bang on.

Senator MacDonald: If true, this action might be good politics in the short term, but it is not good public policy in the long run.

Honourable senators, I believe a number of the bodies being eliminated by this bill play a valuable role in our national life, which Senator Kelly has acknowledged. For instance, one of the truly tragic ironies is that we have now labelled the Economic Council of Canada a symbol of waste instead of regarding it as one of the few institutions that could lead the fight to educate Canadians on current realities and to change perceptions. Far from eliminating the Economic Council, I believe we should be strengthening it, changing it, and improving it. What this country badly needs is an authoritative arm's length body whose mandate would include the monitoring of national, as opposed to federal, economic policies, so that, for one example, provinces which are out of step with others are called to account.

Again, by eliminating the Law Reform Commission, the government is saying that the Department of Justice will assume the role of ensuring research in the area of law reform. One of the most important aspects of the Law Reform Commission, as I understood it, was its independence. It is precisely that independence that will be lacking in the Department of Justice, because that research will be influenced by government policies, immediate departmental priorities and the inevitable political considerations. There is nothing new about this. That is how things work in a department. I think the elimination of the Law Reform Commission is tragically short-sighted.

I will give you another example: The origins of the Canadian Institute for International Peace and Security were best expressed by Mr. Brian Mulroney on April 9, 1984, before he became Prime Minister. He said:

> The creation of a new institute should be directed towards ensuring that this search (on peace and security issues) is conducted in the best possible manner and that peace and security is not allowed to become the province of one political viewpoint, one party or one perspective. Pluralism of ideas and pluralism of research cannot but be applauded and encouraged. But that pluralism must be both real and enduring. This implies that what a Canadian government seeks to create in this area must ensure that its research and public information are protected from its prevailing political winds, and that Canadian research done elsewhere in the country is not distorted to conform to these prevailing winds.

[Senator MacDonald]

When the institute was set up, one of the reasons for having it was the perceived need to have analysis, from a Canadian point of view, of strategic defence and broader security issues. I do not believe that need has disappeared between the period of 1984-85 and the present time.

As an integral country, we are trying to fit ourselves into an exceedingly tumultuous international scene where we are dealing with the intersection of ethnic issues, economic issues, environmental, political and military concerns in a world that is changing at what seems to be a very rapid pace. There are those of us who do not believe that this world is such that we need an institute like this less than we did five years ago. We believe the need for it is even greater.

Finally, if it is still fashionable in this place to defend regional interests, I want to discuss the International Centre for Ocean Development (ICOD), which this bill has sunk without trace.

ICOD was located in the Halifax-Dartmouth area of Nova Scotia and was regarded as a centre of ocean expertise.

Senator Frith: Around the world.

Senator MacDonald: That is right, and no wonder. Four universities and an institute for oceanography overlook an historic and magnificent port. Building upon this local expertise, ICOD had established a positive international reputation for high quality development assistance activities around the world. Indeed, it was the only agency of its kind in the world.

ICOD was set up to assist the poorer maritime agencies to manage the resources won in the late 1970s when the Law of the Sea Convention extended jurisdiction of coastal states from 12 miles to 200 miles.

When we closed it down last year, ICOD had a high success rate and 150 small ongoing aid projects — most of them under $200,000 — for anything from bringing Caribbean fishermen to Pictou, Nova Scotia, to learn net-making, or sending Canadian consultants to help monitor lagoon water in the Seychelles.

In the fiscal year 1990-91, ICOD spent $5.7 million in Nova Scotia. The closing of ICOD has resulted in program responsibilities being transferred to CIDA, the Canadian International Development Agency, with the loss of, first, an oceans focus in the development assistance program; second, 70 jobs with a payroll of $3 million a year; and, third, local consulting opportunities, since over one-third of ICOD's contracts were awarded to Nova Scotian companies, but 80 per cent of CIDA's contracts were awarded to companies in central Canada, with a very small percentage for Nova Scotia. Furthermore, ICOD was on the verge of forging private sector links to transform aid into trade for Canadian firms.

This action will not streamline government in any noticeable way, but it will overwhelm the bilateral side of CIDA, which is not equipped for staff to handle such an influx of projects and is not set up to handle the many small projects.

In summary, of the very greatest concern are two aspects of this decision: The first is the complete destruction of a very good and integrated program of delivering foreign assistance to a critically needed area — small island and coastal states. The second is the firing of 70 highly professional staff members in Nova Scotia in the depths of a depression and shifting the employment to central Canada, which it will require the hiring of new ocean expertise in Ottawa. As the *Financial Times* noted, the project portfolio now goes to CIDA here in Ottawa where the ocean is something you mostly read about in books.

I am sorry, colleagues, to have taken so long. I said earlier that I was speaking out of frustration, but it is really a lament. The frustration came with the way this bill was handled by the committee — I think the members who were there would agree with me — leaving me with only this opportunity on third reading to express myself.

I am not a schoolboy when it comes to politics. I appreciate the tough choices that must be made by practising politicians. I am well aware of the outrageous tactics and positions taken by parties seeking power — posturings which must be countered by the governing party — but I do not believe that our financial problems are caused exclusively by waste and duplication. They are also caused by much more fundamental imbalances, for all of these, honourable colleagues, are short-term measures likely to have long-term ill effects.

In the *Ottawa Citizen* of last Saturday, January 23, there was a rather full profile of the Deputy Minister of Finance, Mr. David Dodge, who is quoted as saying:

> It's very hard for people in other departments to understand why it is they're all basically being screwed by the nasty people at Finance.

• (2210)

Senator Frith: That was the hired gun.

Senator MacDonald: This is the hired gun, yes. I say to Mr. Dodge: It is hard for other people to understand, too.

But something else is troubling me — and I end on this note. There is an anti-intellectual stench which pervades this bill. To the other senators who may feel the same way, I encourage their participation at third reading debate. I myself am satisfied that there are reasons enough for me to disassociate myself from anything to do with this piece of legislation.

On motion of Senator Corbin, debate adjourned.

[*Translation*]

PRIVATE BILL

DAI AL-MUTLAQ — BILL TO INCORPORATE — SECOND READING — ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Atkins, seconded by the Honourable Senator Doyle, for the second reading of Bill S-13, to incorporate the Dai Al-Mutlaq as a corporation sole in Canada. — (*Honourable Senator Hébert*).

Hon. Eymard G. Corbin: Honourable senators, I rise on a point of order. There has been a mistake, obviously, because this order appears under the name of Senator Hébert. I took the trouble a few moments ago to check with the clerks and the people in charge of the journals. They have just confirmed that that was a mistake. The order should appear under my name because at a previous sitting I asked to stand the debate on this bill.

As further evidence of what I have just said, perhaps I might refer honourable senators to the *Debates of the Senate* of December 17, 1992, at page 2591, when I rose to say that I fully intended to speak to this bill upon our return after Christmas — in other words, this week. I just wanted to explain that there was a mistake, and that I maintain my right to speak.

I would also like to point out to the editor of the *Debates of the Senate* that when I rose on December 17, I made it clear that I was rising on a point of order. My point is that the time I used then should not be subtracted from the fifteen minutes I am allowed to make a speech in this house. Unfortunately, at that time there was no indication that I had risen on a point of order, as I just did a moment ago. I therefore ask that the order again stand.

The Hon. the Speaker: Is it agreed, honourable senators?

Some Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, January 26, 1993

The Senate met at 2:00 p.m., Senator Gérald J. Comeau, Acting Speaker, in the Chair.

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, yesterday the clock was 68 days into contemptuous and contemptible behaviour by this government, using its own definition; so, today, it must be 69 days.

PATENT ACT AMENDMENT BILL, 1992

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE — OMISSION OF MINORITY OBSERVATIONS — QUESTION OF PRIVILEGE

Hon. M. Lorne Bonnell: Honourable senators, I rise on a question of privilege. In the *Minutes of the Proceedings of the Senate* of yesterday, the report of the Standing Senate Committee on Banking, Trade and Commerce is not complete. The Liberal Minority Report is not included as part of the committee report. Could we have that corrected? I notice it was included in the *Debates of the Senate.*

VETERANS AFFAIRS

THE VALOUR AND THE HORROR

Hon. Jack Marshall: Honourable senators, there is an article in today's *Gazette* on the *Valour and the Horror* entitled "Senators want disclaimer on Valour videos". The producer, with his usual rhetoric, "...denies any errors and rejects suggestions that the series is insulting to servicemen." Instead, he says, "it pays homage to Canadian soldiers and airmen". He goes on with the rhetoric about the kangaroo court, which is tiring, to say the least.

No one paid any attention to me, but now that I am on my own turf, I can rebut. In order to explain, I want to read a letter from Mr. Bill Riddle of Seattle, Washington, who wrote to me on December 23, 1992. He says:

> I wrote to you on August 7 of this year in support of the series *The Valour and the Horror.* I want to thank you and your staff for sending me the transcripts of the hearings. Having read the testimony, and seeing the series again, I am now writing with my deepest apologies to you and I wish to withdraw support for the series.
>
> I originally supported the series because I believe people should see war "warts and all", to use the words of one witness, but all we got was warts.
>
> I was "duped" into thinking that: 1) the series was factual, 2) that information had been suppressed, and 3) that information was finally being revealed by diligent research. Having read the testimony of witnesses who so painstakingly provided information from first-hand experience, I now see that this series is fundamentally flawed on all three points. The level of historical inaccuracy is so great that the errors cannot be considered accidental. There was no sign of cover-up and no information. There is a lack of balance in explaining the origins of war and the difficulties facing the Allies. And lastly, the emphasis on the negative is so pervasive that one could easily draw the conclusion from this series that the Allies lost the war.

Honourable senators, that is one rebuttal. I will continue with these rebuttals as time goes on to show where the truth comes from.

Senator Frith: Where is McKenna to make his rebuttal, so we can follow the ping-pong game?

Senator Doody: On CBC.

Senator Perrault: There will be a series.

Senator Marshall: A long series.

THE LATE ARCHBISHOP EDWIN LACKEY

TRIBUTE

Hon. Anne C. Cools: Honourable senators, I wish to call the attention of the Senate to the passing of the Anglican Archbishop of Ontario, Edwin Lackey.

Archbishop Lackey passed away on January 9 of this year under what I can only describe as remarkable circumstances. He had been presiding at a meeting of 400 Anglicans. To be precise, it was a workshop on the revitalization of the Diocese of Ottawa.

When he collapsed, Archbishop Lackey had just celebrated the Eucharist and presided over Holy Communion. Perhaps one can say it was an extraordinary end to the life of a man of the cloth. He died serving the Diocese he loved, surrounded by 400 Anglicans in prayer.

I attended the Archbishop's funeral at the invitation of my own Parish Priest, Father Kent Doe, the Rector of Saint Albans Anglican Church. It was a most touching service and a most majestic funeral, made all the more moving by the presence of people from many denominations. I was especially struck, for example, by the presence of five Roman Catholic bishops, led by the Archbishop of Ottawa, Marcel Gervais.

Archbishop Gervais made some very moving comments at the service for his friend and colleague. The funeral was also attended by members of the Eastern Rite. I was moved by the large numbers of friends and worshippers.

I arrived one hour early for the service. At 10 o'clock, honourable senators, even though the funeral service was called for 11 o'clock, every single seat in Christ Church Cathedral, which seats approximately 1,200 people, was occupied. I was particularly touched when I encountered a woman who told me that she had been a parishioner in the Archbishop's first parish many years ago. She had driven a long distance that morning to attend the requiem.

The Hon. the Acting Speaker: I would advise the honourable senator that her time is limited.

Senator Cools: I believe it is important to call the attention of the Senate to the passing of this notable man of the cloth. The funeral was celebrated by Bishop John Baycroft and the Reverend Peter Lackey and Susan Churchill Lackey. Bishop Baycroft gave the eulogy, which was marked by his personal affection and esteem for Archbishop Lackey. The commendation and committal was performed by Bishop Baycroft. Members of the clergy were in full attendance.

Archbishop Lackey was ordained 40 years ago. He served as bishop for over 10 years and as archbishop since 1991. Now that his pilgrimage on earth is over, I should like to read into the record a quotation from him. This particular statement was made by him on the night before he died. Typically, he challenged the members of the Anglican Church to meet the courage of their conviction as believers in Christianity. He said:

> God created this world out of chaos. He made this part of it so beautiful. He cared so much for even this valley that he became human flesh at Christmas time... We are journeying through the valley together and this valley is not the valley of the shadow of death — it is the valley of new and exiting life in our Lord and saviour Jesus Christ.

I know that senators on both sides join all Anglicans in Ottawa and all people of Christian faith in extending their sympathy to the family of the Archbishop, his wife Judith, his children and his grandchildren. In general, I know our sympathy goes out to the many people who were touched by the life of Archbishop Edwin Lackey, and to all the people of the Anglican Church of Ottawa for the great loss of this most notable man.

DAI-AL-MUTLAQ

VIOLATION OF HUMAN RIGHTS

Hon. Philippe Deane Gigantès: Honourable senators, in case we consider Bill C-13 today, on which I will not be able to speak on second reading because I already have, I should like to read to you the recommendations of a special committee presided over by a member of the Indian Parliament, and made up of a former member of the Bombay High Court, and a present member of the Bombay High Court. This committee conducted an investigation of the Dai al-Mutlaq and these are its recommendations after investigation. It says:

> Our enquiry has shown that there is large-scale infringement of civil liberties and human rights of reformist Bohras...

And this is the community. It goes on to state:

> ...at the hands of the priestly class, and that those who fail to obey the orders of the Syedna and his Amils, even in purely secular matters, are subjected to Baraat...

Which is excommunication. It goes on to state:

> ...resulting in complete social boycott, mental torture and frequent physical assaults.
>
> The Misaq (the oath of unquestioning obedience to the Head Priest) —

The Head Priest is the Dai Al-Mutlaq.

> — which every Bohra is required to give before he or she attains the age of majority, is used as the main instrument for keeping the entire community under the subjugation of the Syedna —

That is another word for the Dai Al-Mutlaq.

> — and his nominees. On the threat of Baraat (social boycott) and the resulting grave disabilities, Bohras —

Who are the members of his community.

> — are prevented from reading periodicals which are censored by the Syedna (such as the Bombay Samachar, the Blitz and the Bohra Bulletin); from establishing charitable institutions like orphanages, dispensaries, libraries, etc. without the prior permission of the Syedna except by submitting to such conditions as he may impose; from contesting elections to municipal and legislative bodies ...

What we are talking about here is a number of reasons why we democratic people in a country such as Canada should not rush into doing something where the separation of church and state is totally ignored. This is the imposition of rules of non-religious conduct by a tyrannical religious leader on a group of Canadian citizens.

That is why I oppose, in general, the granting of corporation sole status to any religious organization.

ROUTINE PROCEEDINGS

VETERANS AFFAIRS

REBROADCAST BY CBC OF THE MINI-SERIES — THE VALOUR AND THE HORROR — NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, January 28, 1993, I will call the attention of the Senate to contradictions in an interchange of correspondence between the Canadian Broadcasting Corporation and the Senate Sub-committee on Veterans Affairs having to do with the proposed plan to rebroadcast the series of films *The Valour and the Horror.*

EX-PRISONERS OF WAR — DEPARTMENTAL POLICY — NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, January 28, 1993, I will call the attention of the Senate to restrictions in the policy of the Department of Veterans Affairs which excludes from entitlement to the Veterans Independence Program those ex-prisoners of war who are not in receipt of a disability pension.

CIVILIAN WAR PENSIONS AND ALLOWANCES — DEPARTMENTAL POLICY — NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, January 28, 1993, I will call the attention of the Senate to contradictions in the policy of the Department of Veterans Affairs which excludes certain persons as defined under the Civilian War Pensions and Allowances Act from entitlement to the Veterans Independence Program.

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Government Notices of Motions:

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, as you recall, we have agreed to a revised schedule on Wednesdays, when appropriate, to allow a number of committees to meet at times which do not conflict with the Senate's own sitting schedule. There are three committees which have scheduled meetings for tomorrow afternoon after the Senate rises. In order to allow this to happen, I move that we sit tomorrow at 1:30 and then adjourn around 3 o'clock.

[Senator Gigantès]

If that is agreeable, then, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

> THAT when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, January 27, 1993, at 1:30 in the afternoon.

It is understood that the business before the house at that time will be Routine Proceedings and Question Period, and that we will try to adjourn as close to 3 o'clock as possible. The three committees that will be sitting at that time are Internal Economy, Legal and Constitutional Affairs, and Foreign Affairs.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 140 residents of Quebec who object to the goods and services tax.

Most of these petitions are from Jonquière, Melbourne, Montreal, Amos and St-Léonard. These petitions were signed in September 1992.

[*English*]

QUESTION PERIOD

GENERAL AGREEMENT ON TARIFFS AND TRADE

AGRICULTURE — STATUS OF NEGOTIATIONS ON ARTICLE XI

Hon. H. A. Olson: Honourable senators, perhaps I might ask the Leader of the Government if he could give us an update on what is taking place at the GATT negotiations in Geneva. Apparently that meeting was reconvened about 10 or 12 days ago, and there have been some disturbing reports in the press to the effect that some officials are indicating that the Government of Canada has changed its mind a little, and has lost most of the support that it previously had from other countries with respect to Article XI. Can we find out the truth of the situation?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will take this and all other questions today as notice, and bring in written replies in due course.

AGRICULTURE

INTERNATIONAL GRAIN SUBSIDIES — REQUEST FOR UPDATE ON NEGOTIATIONS

Hon. H. A. Olson: If we are to give notice of all of our questions, perhaps the Leader of the Government might also enquire as to the state of the negotiations with regard to the European and American enhanced export subsidies relating to the international grain trade. We have not heard very much lately about the government's activities in attempting to correct this iniquitous situation. However, the damage to the people affected by it is just as devastating now as it was a year or a year and a half ago. In fact, the situation has simply become worse. Yet there does not seem to be any improvement, and we cannot seem to find out whether or not this government is attempting to improve that situation.

UNITED NATIONS

CANDIDACY OF GERMANY AND JAPAN FOR MEMBERSHIP ON SECURITY COUNCIL — GOVERNMENT POSITION

Hon. Jack Austin: I would ask the Leader of the Government a question regarding Canada's policy with respect to the possible candidacy of Germany and Japan for membership on the Security Council.

The American Secretary of State, Warren Christopher, said yesterday that the Clinton administration would be seeking a place in the Security Council for Germany and Japan and a revision of the representation of member nations of the United Nations in the Security Council.

Has Canada taken any position with respect to the specific question of Germany and/or Japan becoming members of the Security Council? Are we considering that matter? If so, are there any conditions precedent which we may be suggesting to their membership; for example, changes in their constitutions to require them to accept a larger degree of responsibility for peacekeeping in the international community?

CANADA-UNITED STATES FREE TRADE AGREEMENT

EFFECT OF U.S. TRADE LAWS ON CANADIAN PORK EXPORTS — GOVERNMENT POSITION

Hon. H.A. Olson: Honourable senators, I have one other question. The minister will realize that what the Americans have done with their trade laws involving Canadian pork exports into the United States is so severe that our deputy chief negotiator, Mr. Gordon Ritchie, is quoted as having said that if the Americans get away with doing this to the pork trade, we might as well renegotiate the whole free trade arrangement.

Is the government of the opinion that this is an extremely serious matter, and does it intend to try to do something about it?

SOCIAL AFFAIRS

COMMITMENT TO REDUCING ILLITERACY IN CANADA — GOVERNMENT POSITION

Hon. Joyce Fairbairn: Honourable senators, I would like to ask a question of the Leader of the Government for which he probably does not need any notice.

Does the government still stand by, and is it prepared to reiterate, hopefully in the upcoming Throne Speech, the commitments made in May of 1991 on targets to reduce illiteracy in Canada? The targets in the 1991 Throne Speech were ambitious and very clear.

I ask this question in view, first, of the 10 per cent cutback in the literacy secretariat budget that was indicated in the government's financial statement last month. In addition, the five-year mandate of the literacy secretariat, which was a major advance of the government, is now at an end, and instead of renewing that five-year mandate the government has chosen to extend it by only two years.

Does the commitment in the Throne Speech of May, 1991 still stand? How can it be justified in view of the cuts that have been announced?

Hon. Lowell Murray (Leader of the Government): That is taken note of, honourable senators.

EFFECT OF ILLITERACY ON JOB TRAINING AND RETRAINING

Hon. Joyce Fairbairn: I have a supplementary question for the Government Leader in the Senate. He may be aware that today the National Anti-Poverty Organization has released a report entitled, *Literacy and Poverty, A View From the Inside of Poverty.*

The report is extremely important. I would recommend it to the minister, the Prime Minister and the entire cabinet as the country is viewing with great urgency the question of training and retraining for jobs and employment in Canada.

• (1430)

I have had a strong sense of foreboding that the whole literacy sector is being marginalized by this almost compulsive urgency to get on with training. We are talking here about a potential 38 per cent of Canadians who cannot even access training. This report tells all Canadians, including those in government, that poverty and illiteracy are putting millions of Canadians in a trap from which, unless they have strong guidance, leadership and assistance from government, they will never be able to escape to take advantage of educational opportunities to enable them to contribute to this country, a contribution which we desperately need and that they want to give.

TELEFILM CANADA

PROPOSED FILM ON OCTOBER CRISIS — GOVERNMENT POSITION

Hon. Philippe Deane Gigantès: Honourable senators, I would ask the Leader of the Government to look into the following matter: I have been informed that Telefilm Canada, a Crown corporation, is considering financing a film about the events of the October Crisis, the script for which was written by two members of the FLQ cell which abducted and killed Pierre Laporte.

An Hon. Senator: Seriously?

Senator Gigantès: Seriously; I am not joking. They may be making a serious goof. I am not saying a film on this particular event should not be made; I am objecting to the fact that two of the accomplices in the assassination should receive any financial reward from a Crown corporation. I would be extremely grateful to the Leader of the Government if he prevented this goof from occurring. It is in the works. The producer who is trying to sell this project to Telefilm Canada is Roger Frapier.

FOREIGN AFFAIRS

PROPOSED TRIP OF PRIME MINISTER TO FORMER SOVIET UNION — REQUEST FOR AGENDA AND LIST OF PARTICIPANTS

Hon. Jack Austin: Honourable senators, I have a further question on foreign affairs for the Leader of the Government. Could he confirm that the Prime Minister is planning a trip to Russia, and perhaps Ukraine and Byelorussia, in February? If the trip is to take place, would the Leader of the Government inform us as to the general agenda for the trip, and whether business leaders will be accompanying the Prime Minister for the purpose of developing enhanced business relations?

Senator Olson: No answers today.

Senator Frith: Are there to be no more answers?

BUSINESS OF THE SENATE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government. I note that he is taking notes on every question. He made a statement a little earlier today to the effect that he will not answer any more questions. Would he repeat what he said?

Hon. Lowell Murray (Leader of the Government): In answer to Senator Olson's first question, I said that I would take his and all other questions today as notice, and bring in written replies in due course.

Senator Frith: Why today?

Senator Molgat: Honourable senators, is this a new procedure? Are we no longer having a Question Period with answers, or is this because the Leader of the Government has not had an opportunity to look at his briefing notes today, which I would perfectly understand? If this is to be a permanent practice, then I would be interested in knowing the purpose of having a Question Period.

Senator Murray: Honourable senators, today I have chosen to invoke rule 24(3), to be found on page 28 of our rules. It reads as follows:

> If an oral question cannot be answered immediately, the Senator to whom it is addressed may take the question as notice.

Senator Olson: Not for all questions. He is still pouting from last night.

EXTERNAL RELATIONS

PROPOSED CHANGES TO CANADIAN AID POLICY — REQUEST FOR DETAILS

Hon. Joyce Fairbairn: Honourable senators, I regret that we are being deprived of quick answers today, and the thoughts of the Leader of the Government in the Senate.

Senator Perrault: He is not feeling well.

Senator Frith: It is more honest, because we never get any answers anyway.

Senator Fairbairn: I wonder if, while he is taking notes, he would add another question to his list and bring back to this house a report on the document, which apparently is in circulation within the government, concerning the new Canadian aid policy which appears to be threatening the longstanding and bi-partisan support by Canadian governments of the very vulnerable countries in areas like Africa and Latin America. I believe all senators are most disturbed by some of these reports that are circulating. Perhaps the Leader of the Government could put them in perspective for us.

Senator Olson: No answer.

Senator Perrault: The strong, silent type.

Senator Olson: We do not need more than 30 minutes if there are no answers.

BUSINESS OF THE SENATE

STATUS OF ANSWERS TO ORAL QUESTIONS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Would the Leader of the Government tell us when we might expect to receive answers to some of the questions that were deferred prior to the Christmas period?

Senator Perrault: He will give you a written reply on that.

Senator Molgat: For example, I had one pending with respect to the most unfortunate crash at Alert.

Hon. Lowell Murray (Leader of the Government): That is among the delayed answers scheduled for today.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, before we move to delayed answers, I should like to put on the record some matching comments to the new tongue-tied policy announced by the Leader of the Government. I think we should interpret his statement, as we customarily do, as charitably as possible and underline the word "today" which was mentioned in his announcement of policy and assume that there is some problem, either biological or otherwise, for his inability to loosen his tongue today.

Senator Lynch-Staunton: It could be a full moon.

Senator Molgat: Laryngitis.

Senator Barootes: It is a disease you have never had.

Senator Frith: I wish you were right and that I had never had laryngitis, but I have.

Senator Lynch-Staunton: These are all generic.

Senator Frith: If the problem is a biological one, we want the expression of our sympathies to be on record.

Senator Perrault: Our deepest sympathies.

Senator Frith: If he is not equipped because he does not have his briefing book, we understand that also. We will have to wait until tomorrow to see whether this will be a day-by-day occurrence or a week-by-week occurrence. However, if this, in effect, turns out to be a reading of the Oral Question Period out of the rules by practice, I do not want anyone to assume we are accepting that position without objection, because we are not. Therefore, let us be charitable and assume that there is probably some biological reason why he cannot answer.

Senator Olson: He is just a little snarky today, I think.

Senator Frith: It could be psychological, that is true.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have answers to two questions asked by Senator Molgat: One on December 8 regarding the appointment of an independent consultant to study methods of marketing Canadian barley in the United States, and another asked on December 16 regarding the report on the investigation of the crash of the Hercules aircraft en route to Alert.

AGRICULTURE

APPOINTMENT OF INDEPENDENT CONSULTANT TO STUDY METHODS OF MARKETING CANADIAN BARLEY IN THE UNITED STATES — GOVERNMENT POSITION

(Response to question raised by Hon. Gildas L. Molgat on December 8, 1992)

A number of highly respected individuals were considered, including academics who were suggested by the Canadian Wheat Board, to undertake the barley study. Dr. Colin Carter, University of California, Davis, who was on the list of individuals agreeable to the industry, was selected. Dr. Carter is from the Peace River district in Alberta and was a professor of agricultural economics at the University of Manitoba.

A meeting was held in Winnipeg on December 8 with key industry individuals to discuss the draft terms of reference. Industry, including the Canadian Wheat Board, is participating in the study and will be consulted on the analytical work which is being undertaken. The study will be completed by the end of March.

NATIONAL DEFENCE

REPORT OF INVESTIGATION ON CRASH OF HERCULES AIRCRAFT EN ROUTE TO ALERT — REQUEST FOR INFORMATION

(Response to question raised by Hon. Gildas L. Molgat on December 16, 1992)

The final report on this most unfortunate incident is still being prepared and is expected to be released in the near future. The object of the report is to determine the cause of the accident, and thereby contribute to the prevention of such accidents in the future.

An interim report has already been produced, and was released to the public at the beginning of 1992. As a result of that interim report, many steps have already been taken on various matters, such as the marking and distribution of emergency safety kits.

ORDERS OF THE DAY

PATENT ACT AMENDMENT BILL, 1992

BILL TO AMEND — THIRD READING — DEBATE ADJOURNED

Hon. Mario Beaulieu moved third reading of Bill C-91, to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters.

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

Hon. Michael Kirby: Honourable senators, before debate on third reading begins I would rise to inform the Senate that, since our last sitting, the steering committee of the Banking, Trade and Commerce Committee met in an attempt to clear up last night's confusion. I would simply like to inform the Senate that the steering committee has exercised the authority granted to it by the full committee and has agreed to append to the end of the report a four-page summary of Liberal observations on the hearings last week. I merely wished to inform the Senate of the decision of the steering committee.

• (1440)

Senator Murray: I thought that was unacceptable to the opposition last night. Confusion indeed!

Senator Kirby: Honourable senators, to be clear, it is a three and a half page document which, unfortunately, owing to confusion last night, was not appended to the report, and the steering committee has subsequently decided that it will be appended.

Senator Murray: These are observations, and not a report?

Senator Kirby: These are observations, that is correct, to be appended to the end of the report.

Senator Frith: But the *Debates of the Senate* stand as they are with what was read into the record.

Senator Kirby: Honourable senators, I am saying nothing about the debate last night. I am merely informing the Senate of a meeting of the steering committee which has taken place since last night.

The Hon. the Acting Speaker: The report was read into the record last night. There would have to be unanimous consent for the summary to be appended to last night's presentation.

Is there unanimous consent, honourable senators?

Hon. Senators: Agreed:

(For text of summary, see appendix, p. 2643)

[*Translation*]

Senator Beaulieu: Honourable senators, I presented Bill C-91 several weeks ago with the certainty that it would serve Canada's national interest. I am now more convinced than ever, after it was studied in committee, that I was right.

[*English*]

After hearing the pros and cons throughout the workings of our committee, I am pleased to confirm that this bill will not only serve the best interests of Canada, but will also be a vast improvement over the present provisions of both the Patent Act and the Prices Review Board legislation.

As honourable senators may recall, I introduced this bill in the Senate by underlining the measurable effects that it will generate for our economy, both in terms of investment and in terms of job creation. I still maintain that those two points are an essential aspect of this proposition, and I am pleased to conclude, after further study, that our figures have been confirmed. This will again be an important part of my presentation.

However, there is another point I wish to raise in this part of our debate: the question of national pride. For some reason, difficult to understand, some of the critics concerning this bill have centred on the fact that some of the companies involved are multinationals. I have heard and I have seen interventions here tying together in the same knot the generic companies and the Canadian flag. Some people are attempting to bring this debate on a very complex issue down to the level of simple — I should say simplistic — black and white questions: on one side the Canadian generic companies, on the other side the multinational drug companies. It will be my pleasure to show, I hope once and for all, that the best interests of Canadians are not served by this type of nineteenth century rhetoric. We want to upgrade the welfare of our citizens and we want to increase our economic standards.

Senator Thériault: On the backs of the poor and the sick.

Senator Beaulieu: This is what our preoccupations are about and this is why we will address this issue.

[*Translation*]

Honourable senators, we also understood that some participants in the debate questioned the relationship between this bill and GATT and NAFTA. We will be pleased to come back to this issue because it must be known that we are introducing these changes to the law in order to improve our competitive situation and not to comply with outside demands, as some claim.

I would also like to raise a broader aspect of this change in our law, since I saw several groups concerned about the access to medication appear here or before the committee. Many seem to think that this legislation will mean an across-the-board increase in drug prices throughout the country, although nothing is further from the truth. Here too, we have some clarifications to make. With this issue as with the role of multinationals, we are dealing with problems in thinking clearly. Responsibilities are ascribed to the inventors of new drugs, although these responsibilities in fact belong to others. That is why we want to end the debate on this bill by dealing with three specific questions — the companies' role, our international agreements and drug costs — in order to answer the concerns of citizens who came before us in recent weeks.

But first and foremost, we want to conclude this discussion by bringing up the most important aspect, the one we asked you to consider when this bill was first introduced in this house. Will this bill be an improvement over the present situation for Canadians? We are sure of it, because we have figures and measurements that enable us to assess the impact of

the proposed changes. Not only are the figures realistic but we have already lived through a similar situation.

In 1987, major changes were proposed that affected the same industry and the same companies. At that time, figures were advanced to evaluate the repercussions. We have those figures, those statistics. We are thus able to determine whether the promises were kept and the expectations concerning drug prices were met. We will go over them, although not in detail because these figures are the same ones we explained before. They have not even been challenged since my first speech. I therefore tell you that the answer lies there: the 1987 changes must guide us in 1993. The results have been good for our economy and prices have not increased unreasonably. Why then shift the debate to other issues? We will use the same criteria as in 1987 and we will decide if the results are effective.

[*English*]

In 1987, we introduced Bill C-22. Promises were made, estimations for pricing were undertaken and the bill was adopted. We now have the measurable results of that change. We are now looking at the same industry, the same players and a proposed change in the law, which, in effect, makes it less drastic.

I am saying to you now, as I did when I introduced this bill, that our path is very clear. The results of the 1987 changes are available to us; they show we were correct in enacting Bill C-22. I submitted those figures a few weeks ago and they are still valid. That is why we need to adopt this legislation as it stands. We would be naive if we did otherwise.

[*Translation*]

Honourable senators, in 1987, innovative companies invested about 5 per cent of their sales in research and development. When Bill C-22 was introduced, they promised to double this percentage by 1996. We have the figures for 1991: the percentage was 9.7 per cent of sales, an increase of 23 per cent over the previous year, 1990, so these companies were only three-tenths of 1 per cent away from the target set for 1996. They had practically met their commitment five years ahead of schedule.

[*English*]

Five years before the deadline the brand-name companies had almost doubled their investments in research and development. In 1987, after the adoption of Bill C-22, the level of R&D investments numbered around 5 per cent of sales. Promises were then made to raise that to 10 per cent by 1996. The 1991 figures, the last available, indicate that those companies have increased their percentage to 9.7 per cent.

[*Translation*]

Honourable senators, we are talking about $376 million. When Bill C-22 was adopted, companies made a commitment to create 3,000 new jobs by 1996. So far, 2,400 jobs have been created, with more than 700 at the scientific level.

[*English*]

With respect to job creation, the commitment made in 1987 placed the level of new positions to be created at 3,000; again that is for 1996. To date the count is at 2,400, with a few years left to reach the level of 3,000.

[*Translation*]

Honourable senators, to protect against excessive price increases, we established the Patented Medicine Prices Review Board in 1987. The level of patented medicine prices rose an average of 2.9 per cent, while the increase in the cost of living rose by an average of 4.4 per cent during the same period, starting in 1987.

[*English*]

The record is straight and clean. Promises were made and the goods were delivered. It is as simple as that. Why should we now turn around and deny the truth? Bill C-91 is simply building on the impetus created by the 1987 legislation. We have a good thing going. Let us keep on the same track.

More than half a billion dollars of new investment is at stake. This is what the direct consequences of the adoption of this bill will provide. This is the new promise arising from the proposed changes. Can we ignore it when we see the positive results that Bill C-22 has generated? I think not. That is why we should go ahead with the adoption of C-91.

[*Translation*]

So far, new investment totalling more than one-half billion — it is now $750 million — has been announced in connection with this legislation. That is what we must consider when assessing the impact of this bill.

In 1987, the same players made certain commitments, and we can see they took these commitments very seriously, witness the new jobs created and the amounts invested in R & D. That is what this debate is about.

I have heard some weird and wonderful theories that are being used to confuse the issue, and I am not sure why. However, I am convinced that responsible citizens will be able to judge these issues on their merits. I am convinced that, by supporting Bill C-91, I speak for those who want the best for this country.

Those who see this bill as a concession to international agreements where Canada would be the underdog have simply failed to understand what is at stake today. By introducing legislation that would extend the period during which an innovative company can enjoy the fruits of its labours, Canada has invented nothing new and nothing that could be called outrageous. On the contrary, it is doing a very good thing.

It is true that GATT is aiming at uniform standards, and Canada supports these agreements. There is nothing outrageous or mysterious about that. It is simply a fact of modern economics. By changing our licensing system, we are improving our competitive position.

Today, on the basis of the period of exclusivity offered in this country to companies that invent new drugs, Canada ranks lowest among all industrialized countries. The changes proposed in Bill C-91 will bring this period up to the minimum proposed for GATT partners. There are countries like Italy, for instance, which offer their companies exclusivity periods that are much longer, up to 24 years. Why should those countries offer conditions that go much further than what we are proposing? The answer is obvious: They want to attract an industry that creates well-paying jobs and promotes scientific research. It should be understood once and for all that compulsory licensing has done more harm than good in this country. We are the only country that imposes this kind of licensing, and it is high time it was stopped.

[*English*]

We are presently the only country forcing the obtaining of compulsory licences in the industrialized world. It is now time to be realistic; to join the rest of the world.

On the question of the generic companies, we need to ask ourselves a few questions in light of comments we have heard here and read in the paper. This industry has flourished in Canada in the last few years, and I am convinced it will continue to do so. The numbers available show that their sales figures have increased by 180 per cent since 1987, the year they were supposed to drop into oblivion because we were changing the law. We are talking about 2,300 Canadians working for Canadian companies in the generic production of drugs.

No commitment on numbers in terms of R&D, new monies or new facilities have been mapped out by the generic companies with regard to this new legislation. To the contrary, the president of one of those big companies told our committee that he was considering moving offshore because the new law would prevent him from exporting.

Why is such a fuss being created over a body of firms that simply exist by copying remedies, and especially why should we put this whole debate in the context of a pro and con, pitting the generic companies against the inventors of remedies? Is it because the first are Canadian and the others are not? This is a truly weak debate, and I cannot understand why the question of national pride is brought up on the side of generic companies.

Canada has built the bulk of its economy with multinational partners. We drive cars made here, in the U.S. and elsewhere. We have never stopped these companies from coming into Canada and operating here. To the contrary, we encourage it, and we are glad when GM, Chrysler, Hyundai and others decide to build their plants in our country. We have a long-standing tradition of cooperation with multinational companies. I am sure that workers at General Motors do not feel they are inferior Canadians because they work for a multinational. Why is it different in this case?

In total, we were talking about an industry employing more than 18,000 Canadians working for those multinationals that some people are pitting against generic companies. The number of new jobs created since 1987 by these multinationals, at 2,400, is more important than the total 2,300 jobs there are in the generic industry. Are Canadians working on research for the brand-name companies less important than Canadians working for the generic companies?

Why should we ever think this law will kill the generic firms when we all know there are presently more than 2,000 medications whose patents have expired. They are available, but the generic companies are not using them. They could copy from here to eternity with that potential.

[*Translation*]

Among the witnesses who appeared before the committee were academics, researchers, physicians, entrepreneurs and members of a broad cross section of our society. They explained their concerns and their views on the subject of health and patented drugs. I, and others with me, found broad support for this legislation among medical researchers involved in the search for new drugs. They came from all parts of Canada to tell us that we were on the right track, and whether we were listening to Dr. Dickson, Associate Dean of Medicine at Dalhousie University in the Maritimes or Dr. Bressler, Associate Vice-Principal, Health Sciences, at the University of British Columbia, we found unanimous support among these professionals for our proposals.

All those who came to testify before the committee, as well as those who have publicly announced their support for the bill since it was tabled in Parliament, have clearly indicated the direction we should take. This is a good bill, and the medical research community has strongly urged us to adopt it. That is where we are today.

As for the price of drugs, I do recall that there have been some outrageous statements in this respect, especially in the media during the holidays. I think the people who make these statements should realize once and for all that the figures quoted in this house have never been challenged since the changes that were made in 1987. The prices of patented drugs

have remained at reasonable levels. In fact, as we have said repeatedly, price increases were lower than the increase in the cost of living. To protect against excessive pricing, a control mechanism was established in 1987 and has done excellent work. In fact, the proposed changes will increase the powers of the Patented Medicine Prices Review Board.

The new Minister of Consumer and Corporate Affairs, Mr. Pierre H. Vincent, referred to this in his first public statement as the minister responsible for this legislation. The Board may order the selling price of a patented drug to be reduced to such an extent as will offset the excessive revenues. It can now double the financial penalties. Companies that refuse to comply with such orders will now incur fines of up to $100,000 a day, while individuals will be liable to fines of up to $25,000 or a jail sentence.

I think people will realize that we have acted responsibly to protect Canadians against excessive pricing. In addition to meeting our commitments since 1987, we are now reinforcing our compliance mechanisms to ensure that we stay on the right track.

We all know that patented medicines help to maintain the health of Canadians, but nevertheless, in the course of this debate we have sometimes overlooked some very basic medical aspects of the issue.

I remember this elderly lady who, when she appeared before our Committee, complained about a price one of her friends had to pay for her pills. I couldn't help thinking it was very little, considering the medicine helped her stay alive and it was a drug that did not exist a few years ago.

Of course, the companies that manufacture these drugs want to make a profit, and of course the prices of these products will increase like the price of anything we buy.

I will always remember a rather unusual experience I had about 15 years ago. I was taken by ambulance to Hôtel–Dieu Hospital in Montreal, where I was admitted as an emergency case. I had an ulcer that had started hemorrhaging during the night. The next day or the day after, a doctor — I won't tell you his name but he was a specialist at the time, and Senator Hébert knows him very well — told me, "We are going to operate in 24 hours." I told him it was up to him to decide. That same evening, four young interns came to my room to do a case history. One of them was my doctor's son, and he asked me why I didn't take Tagamet. I asked him what that was. He told me it was a drug for treating stomach ulcers. The next day I called my doctor to tell him my family doctor had recommended Tagamet. I took Tagamet, and I never had the operation. That is when I realized how much science had advanced and what just a small pill could do.

I believe that can justify many things. Research must still go on throughout Canada. Thanks to that young man, I discovered a medical solution that saved me from his father's knife.

I now know that there have been more inventions, so much so that that particular health problem is now under control for thousands of Canadians, whereas before, people suffered and even died from such problems. Today the situation is different. Research throughout the country and the world has yielded these benefits.

What price should we put on that? How many dollars a year does pain cost? What is the social cost of unsuccessful research, or research that is prevented from happening? I know that my first speech was based only on figures and the tangible benefits this bill would give the country. That is my field because I have spent many years in business instead of practising my profession. It is the same in politics, because before being appointed to the Senate, I had only been Quebec's finance minister.

I was really struck by the humanitarian aspect of this issue when I saw witnesses from groups representing the most disadvantaged in our society. Seniors groups and poor people's coalitions came before us and I could not help noticing that many owed their lives to medication. Think about it. We could draw up a very impressive list of all the discoveries that have helped improve the health of our people, thanks to those who made these important discoveries. It is a contribution to our society that helps extend our life expectancy and helps people lead independent lives in many areas.

I have chosen to end my speech on that note because I think this aspect of the debate has been neglected in our deliberations. I continue to draw your attention to the creation of new jobs for our young researchers, which is very important. It means paying jobs in our universities and inside and outside the companies — this may be the most important effect of this new law. Young researchers must be given opportunities to work. We must keep in mind that their efforts will help us and improve our collective well-being by helping Canadians of all ages and from all walks of life to fight disease.

Thank you, honourable senators. I hope that one day you will all have the good fortune that I had with that young doctor of finding a drug that can improve your well-being or, better yet, save your life.

[*English*]

• (1500)

Hon. Michael Kirby: Honourable senators, I rise to speak on Bill C-91, to amend the Patent Act. I wish to divide my remarks into three sections. First, I will focus specifically on the testimony heard by the committee during its more than 50 hours of hearings last week. These comments will echo in many ways the remarks I made in second reading debate in this chamber in December when I outlined the reasons for my

party's opposition to Bill C-91. What I wish to do this afternoon is use evidence presented to the committee by nearly 50 witnesses who appeared last week to outline the public's opposition to Bill C-91. It is important, therefore, to make the distinction that in my remarks before Christmas I was explaining why, from a Liberal party partisan standpoint, we on this side opposed Bill C-91. What I wish to do today is explain why the public and most special interest groups are strongly opposed to Bill C-91.

Second, I wish to comment briefly on the eight observations in the committee report that were approved unanimously by all members of the committee, government members and opposition members alike.

Finally, I wish to briefly reply to a couple of questions and comments made by government members, specifically Senators Keon and Beaulieu, in their second reading speeches. They raised points that are worthy of reply during third reading debate.

The first of my remarks will deal with the observations of the public and special interest groups covering a wide cross-section of Canadians and why they are opposed to Bill C-91. Let me begin with the observation that, other than government officials and the Pharmaceutical Manufacturers Association of Canada, not one witness completely endorsed every aspect of Bill C-91. I say "every aspect of Bill C-91" because the government produced a series of witnesses in favour of Bill C-91, but even they recognized difficulties with the bill. I will comment on those difficulties in a few minutes.

Honourable senators, the fact is that even the Honourable Michael Wilson, who appeared before the committee, recognized a problem associated with the bill. He admitted that, ideally, it was an issue that ought to be corrected, if possible. However, he admitted he did not know how to solve the problem.

Honourable senators, I wish to deal, at the outset, with the fundamental issue debated publicly since this bill was put forward by the government — the real costs associated with this bill. What are the implications of this bill in dollar terms for the health care system and for individual Canadians?

The government's position is quite simple: This bill will cost $129 million over the next five years. Other than government officials and the Pharmaceutical Manufacturers Association of Canada, no other estimate of the cost of this bill is even remotely close to that $129-million estimate. Let me give you illustrations of how extremely small the government estimate is relative to others.

• (1510)

The government of Saskatchewan, for example, estimates that it will cost them $6 to $10 million annually. Taking the same five-year period the government is using, that is somewhere between $30 and $50 million per year. The government of Manitoba estimates an average cost of $15 million a year. So there is another $75 million for Manitoba. The government of New Brunswick estimates slightly under $40 million a year on average over the next decade. Over five years that represents another $200 million. Those are estimates from three relatively small provinces. Since they are actually paying these bills, one assumes their estimates are inclined to bear some relationship to reality.

These estimates came from three small provinces, all of whom appeared before the committee. They are not estimates made by Liberal members. In fact, they are estimates made by an NDP government, a Liberal government and a Conservative provincial government. One has to assume they are, relatively speaking, non-partisan estimates. These estimates alone make a mockery of the government's estimate of $129 million over five years, and I have not included the cost estimates of the remaining seven provinces and two territories. When you look at the cost estimates, one has to have serious doubts about the government's position on this bill.

There are a couple of other cost estimates which are worth noting. One such is that from Green Shield Prepaid Services, the largest private drug care insurer in Canada. Their estimates are that, over the next decade, it will cost them nearly $65 million a year. This is one insurance company. You multiply that by five and you are up over $300 million over five years. I ask you to compare that estimate of the extra cost to Green Shield Prepaid Services to the estimate of $129 million over five years given by the government.

It is also true, if you look at the estimate—

Senator Frith: But they have to pay that. In other words, the government does not have to pay that.

Senator Kirby: I am glad Senator Frith raised that point because it is one of the interesting features of this bill. You have a situation where a government is introducing a bill that will cost money. Regardless of how much one wants to debate the amount, there is no question it will cost money. However, that entire cost will be borne by three groups of people: Canadian consumers, Canadian drug plans, like the Green Shield Prepaid Services, and provincial governments. Provincial governments will pay half of the increase; consumers and private drug plans will pay approximately 25 per cent each.

Honourable senators, this bill, which even by the government's own admission introduces these costs to the health care system, does so in a manner in which not one single cent of that increased cost will be paid by the federal government. Politics is the art of shifting the blame, but the way this current government is operating on most federal-provincial financial issues, politics has become the art of shifting

the responsibility but not shifting the buck. The reality is that this is an extreme example of this practice because one level of government is increasing the costs to a whole series of other players, but is not responsible for any element of the cost itself.

Senator Frith: All those who pay the piper do not get to call the tune!

Senator Kirby: That is exactly right.

Senator Barootes: Listen to Charlie McCarthy when he wants to butt in, please.

Senator Kirby: I would rather listen to Charlie McCarthy than Edgar Bergen, if you do not mind my saying so. But I guess that is just a function of which character you prefer.

It is not only governments who are concerned about this. I will read to you two excerpts from testimony. I would tell all honourable senators that if they want to read a truly moving brief which is not long — I urge all of you to read it — it is the brief from the National Anti-Poverty Organization. In my nearly ten years in this place, it was one of the most moving briefs I have heard. I will read one excerpt from it. I am quoting from the National Anti-Poverty Organization's brief to the committee last week. It stated:

> Because most of the working poor do not have access to drug plans, any illness requiring that a drug prescription be filled...can be devastating...it means making critical choices and going without the drug or going without something else as vital as paying this month's rent, buying food or buying winter boots for a child.

The brief goes on, as did the witnesses from the National Anti-Poverty Organization, to give some striking, illustrative examples of what happens when drug prices go up.

Seniors organizations also came to the committee and expressed their opposition. The Canadian Seniors Network said the following:

> Seniors are major users of medications...their use is dictated by the natural processes of aging and medical conditions that can arise during that process...A person taking four medications, which is not uncommon, would easily be paying $300 to $400 a year in...co-payments —

That is otherwise known as user fees in drug plans. They go on to state:

> These are not free drugs...Private insurers have steadily raised premiums to cope with the increase in claim amounts and have reduced the list of products for which they provide coverage. These are not free drugs either.

They also stated that they are "not free products and the ultimate impact of this bill on Canadian seniors will be catastrophic".

Therefore, honourable senators, on the issue of costs, again I point out that every single expert who appeared before the committee expressed the view that the cost of this bill would be five, ten, 15 or 20 times the federal government's estimate.

More important, to get back to the point that was raised a minute ago, I suggest to you that, as a fundamental matter of principle, one must question the practice of one government introducing costs that will have a significant impact on everyone other than themselves.

Lest honourable senators have any doubt about the impact that increasing health care costs are having on provinces, and subsequently on individual Canadians, let me remind you of several events that have taken place in provinces over the past few years. Recently, for example, the government of Quebec has been forced to introduce a $2.00 prescription fee, a user fee, for senior citizens. In Nova Scotia, co-payment requirements for prescription drugs were raised at the beginning of this month, the beginning of the current calendar year. Those co-payment requirements were raised from $150 to $400. If this were car insurance, a co-payment is essentially a deductible. Now the first $400 must be paid by every Nova Scotian as opposed to the $150 they paid last year. There is a similar situation in British Columbia, where the co-payment or deductible fee has risen from $75 to $375, and so on.

As you look across the country you find that the cost of drugs is borne by the individual citizen, whether a senior or a member of the working poor. These are the groups that will be most hurt by this legislation because they are not getting social assistance payments that cover drugs, and most of them are not covered by drug plans. All of those groups indicated that, even without this bill, the cost of drugs had become a significant burden for a large number of Canadians. The increasing level of deductibility and the increasing initial payment provincial governments are requiring from coast to coast are already making this a difficult issue. This bill will only exacerbate the situation.

The bill, interestingly enough, will also have an impact on all business, small businesses in particular.

• (1520)

The Canadian Labour Congress, in a point unique to their brief — and something that was substantiated subsequently by other people — stated that approximately one-third of all collective bargaining agreements in Canada have some form of employer/employee cost-shared drug program. Therefore, increasing the cost of drugs will increase the costs of doing business for the employer, because the employer's portion of those drug plans will increase. However much Senator Beaulieu may want to argue for the economic benefits of this bill, one has to take into account the increased impact this bill will have on the employer portion of drug costs.

Honourable senators, in terms of cost, the fundamental issue that seems to have surfaced is that, clearly, the government has underestimated the costs. I think it is important to explain why they did that or, alternatively, perhaps I will explain how they did that.

It took the committee a long time to understand why the government's costs were so out of line with everyone else's. The government, in its cost calculations, made one assumption which is purely subjective but which is absolutely crucial to the rest of their analysis. What the government assumed was that once the first patent on a drug expired, a generic drug manufacturer would enter the market, produce that drug and, from then on, that generic drug would be available to all Canadians. The fallacy of that argument will be shown as follows:

By the way, this is one of the more carefully camouflaged issues I have seen in my days in politics, which is why it took the committee some time to truly understand it.

The reality of patent legislation is the following: Let us consider that, once you have a patent for a particular drug, you can make a minor improvement to that drug without changing any of the chemicals. Let me be clear; all you have done is you have gone from a regular tablet to a time-release capsule, for instance, such as one sees now in cold capsules of 12 and 24 hours' effectiveness. All you need do is make that kind of change and you are allowed a new patent. What you do is obtain a new patent for the drug which, effectively, is chemically no different from the original. It is just that now you have a new delivery mechanism.

The government is absolutely correct when it states that when the first patent expires it would be possible for a generic company to manufacture that product and put it on the market. However, the reality is that, from a marketing standpoint, the product would not sell. The reality is that what would be available on the market is the chemical delivered by way of a different system which is more up to date. The time release capsule works better. Doctors recommend it more. Everyone wants the latest bells and whistles on anything they buy. Even though the initial patent would have expired and it would then be open to generic competition, the generic manufacturer could produce it but it would not sell. It would not sell because the product that would then be on the market would be the new, improved version. How many advertisements have members of this chamber seen selling products that are new and improved? The new and improved version would have received a new patent, which would then apply for another 20 years.

The government's assumption, which is that the first generic competition would come on the market the minute the first 20-year patent period has ended — and that was an underlying, critical assumption in every single one of the government's cost calculations — is factually correct. However, frankly, from a marketing standpoint, it is simply stupid. It is not the way the real world operates. The way the real world operates is that what sells is what is new and improved, and the latest product on the market.

Fundamentally, honourable senators, that is why the government is able to come in, as it does, with such a very low cost estimate. The government started with an assumption which biased every subsequent financial calculation it made. Every other witness who appeared — and it did not matter if they were from the generic drug manufacturers, provincial governments or wherever — said that the reality of marketing drugs is such that what sells is the latest, just as what sells in the marketing of any other product is the latest. The notion that if you build a better mousetrap, people will beat a path to your door is absolutely correct. However, this government's calculations are based on the assumption that even though a better mousetrap exists, everyone will buy the old one.

If you begin to ask, honourable senators, how is it possible that the government can be so wrong on this issue, the answer is that what happened is the government made an assumption about when the generic product would come on the market, an assumption that clearly biased data in their favour. Every expert who appeared recognized that fact.

Before leaving the cost issue, I should like to make one last comment. Let us look at the testimony of one of the government's own experts who appeared, Dr. Redwood from England. He said that the costs were correct if you made those assumptions. He was very clear. He is an intelligent man. The mathematics were fine; we checked them. The problem is that the underlying assumptions of the government's entire position are inherently wrong.

Let me turn to a second issue which is related to the cost issue. It is the issue of the Patented Medicine Prices Review Board. On this matter I will give the government credit. Absolutely unintentionally, I think, their own witness, Dr. Redwood, provided a most compelling argument.

Let me explain briefly how the Patented Medicine Prices Review Board works. Essentially what that board does is it waits until drugs are on the market. It then looks at the cost of those drugs after they have been on the market for some time. It then makes an attempt to determine whether or not the price is "reasonable" by looking at the price compared to other countries. Incidentally, some of these other countries have no regulated drug prices. One begins to question whether the benchmark against which Canadian prices are measured is meaningful.

If the PMPRB thinks the price of the drug is too high, it attempts to jaw-bone and negotiate with the drug manufacturer to get them to lower the price. There are two things that all honourable senators should know about that process. The first is that 40 per cent of the drugs which have been introduced since the Patented Medicine Prices Review Board came into effect have come in at prices way above the guidelines. The government is able to say, in some of its propaganda, that the average increase in the price of drugs has been less than the rate of inflation because the government has calculated that data while ignoring the new drugs which came on during

the period. It is these new drugs which are coming on the market way above the rate of inflation.

Coming back to the fact that people want the latest drug and the latest delivery system, the fact is that the mixture of drugs which are sold in any given year is always skewed somewhat toward new drugs. Doctors recommend them; hospitals want to use them. While the average price may stay relatively low, the fact is that the total cost may be substantially high.

The government used the word "average" so often I was forced to remind one witness of a story I used to tell my students in statistics class about the statistician who drowned while swimming across a river which had an "average" depth of three feet. In a sense, that is the kind of argument that the government has produced with its avalanche of "statistics".

More important, with respect to the Patented Medicine Prices Review Board, the process is wrong. When I asked Dr. Redwood why we were regulating prices after the fact, he read me a long list of western industrialized countries, largely European — admittedly not the United States — and some in the Far East, which regulate the introductory price of drugs.

• (1530)

Therefore, I ask you, honourable senators, if the objective of the review board is to control the price of drugs, is it not obvious that one ought to regulate the price before the drug gets on the market? Rather, the Patented Medicine Prices Review Board waits until the drug is out on the market, and people are paying too much money, and then they attempt to get the companies to roll back the prices. The government strategy with respect to regulation seems to be, "Let the horse out of the barn and then see what happens. Maybe we will discover we have made a mistake, and then maybe we will try to fix it."

The government also admits, by the way, that even if PMPRB is successful in lowering the price, the money will never get back into the pockets of the people who overpaid. If any penalty is paid, the penalty will be paid back into the coffers of the federal government. What an interesting observation! It is almost in the government's interest to have medicines priced artificially high at the beginning because then, if there is a roll-back and a penalty paid, they get the money back into the Consolidated Revenue Fund, whereas all the costs have been paid by the provincial governments and by consumers and private insurers. If one wanted to believe that this government truly is as devious and Machiavellian as a lot of us give them credit for being, one might assume that that was part of their strategy. I find it difficult to believe they are that well organized. Nevertheless, that is a consequence of Bill C-91

Dr. Redwood not only pointed out that a majority of western industrialized countries use introductory price regulation before the drug is on the market; he said absolutely explicitly in response to a direct question, I think from Senator De Bané, that countries which use introductory price regulation have lower average drug costs than countries which regulate after the fact, or countries which do not regulate at all. It makes sense to everybody.

However, what we are seeing here is that, because the American system has no regulation whatsoever, this government decided to adopt the American system which has the highest average drug prices in the world. In fact, what we will be doing is regulating after the fact, not before the fact.

I want to make another observation in passing. There was some testimony before the committee which suggested that the powers of the Patented Medicine Prices Review Board may be unconstitutional. If you read the Supreme Court decision at the time of the anti-inflation board, it is not at all clear that the Patented Medicine Prices Review Board is constitutional. Indeed, the chairman of the board himself went out of his way to point out that if the board is not constitutional, then the whole balance of Bill C-91 will be upset.

The third observation I would like to make was dealt with briefly in the committee's report. That has to do with the economic impact on both generic drug manufacturers and Canadian fine chemical companies. Fine chemical companies are essentially, in laymen's terms, the companies that make the ingredients for prescription drugs. There is an interesting quirk here; let me explain it very briefly. It was also commented upon very briefly in the unanimous part of the committee's report.

Under patent law, a Canadian fine chemical manufacturer or a Canadian generic drug manufacturer will not be able to manufacture a drug which is under patent in Canada even though the patent may have expired in other countries, in particular the United States. Because drug manufacturers historically have usually taken out their first patent in the United States — sometimes in Europe, never in Canada — you have a situation where Canadian companies could be making a drug, could be exporting it, but they are prevented from doing so because, under Canadian patent law, they are not allowed to make the drug in Canada until the Canadian patent expires.

We had witnesses before the committee, both from the fine chemical manufacturers and from the manufacturers of generic drugs, who pointed out to us that they would have to move companies and create jobs in the United States in order to meet demand in the U.S. and other foreign markets. They want to meet the demand there but they want to keep the jobs in Canada and make the pills here. They would not be able to do that because, in effect, this law prevents them from manufacturing the product until the Canadian patent expires which, as I said, is always later than the United States patent and, as the committee was told, frequently six and seven years later.

When this issue was put to Mr. Wilson, who was the last witness before the committee, he recognized the problem, agreed he would like to solve it, and said he did not know how to solve it. It did not strike some of us as a particularly difficult problem to solve, but I think that was his way of saying, yes, they wanted to solve it; yes, they wished they had

realized it was a problem before they actually drafted the bill; but now that they had drafted the bill, they did not want to amend it. Certainly, that was the tenor that some of us took from his comments.

I do say, honourable senators, that if the government wants to talk about the economic benefits of this bill related to increased R&D spending, at the very least they must subtract from those benefits the economic cost of Bill C-91. This legislation would prevent some Canadian generic manufacturers and some Canadian fine chemical manufacturers from creating jobs in Canada which they could have created without this bill.

The government has argued repeatedly, as we heard again this afternoon in Senator Beaulieu's comments, that the advantage of this bill is based on increased R&D spending. Let me deal very briefly with that issue because it is one of the greatest hocus-pocus arguments that we have seen around here in a long time.

The government proceeded to find a series of medical researchers who appeared before the committee to argue for the bill. That is hardly surprising. Under direct questioning from opposition senators, however, it became very clear that the witnesses who appeared before us all stood to get grants from these companies. Therefore they were hardly what one would call objective witnesses.

In any event, these witnesses appeared and they supported the bill because they talked about extra R&D spending. Yet when we asked the Pharmaceutical Manufacturers Association of Canada whether they were prepared to commit themselves firmly, irrevocably, to a greater percentage of R&D research than they had promised in 1987 when the government introduced Bill C-22, Judy Erola, the president of the association, said that she was not.

To refresh your memory, honourable senators, back in 1987 at the time of Bill C-22, the industry agreed that, in return for Bill C-22, they would spend 10 per cent of sales on R&D in Canada. Now that they are getting a package under Bill C-91 which, by anybody's measure, including the government's, is significantly richer than the package received under Bill C-22, it did not strike some of us on our side of the table as unduly unreasonable to ask the industry, "What will you do in return for this sudden windfall profit from Bill C-91? Will you commit yourselves to keeping any of it in Canada?" The industry's response was they were absolutely not prepared to extend the commitment beyond the commitment they had made at the time of Bill C-22.

Therefore, honourable senators, it is very clear that, in terms of costs and benefits, the benefit accrues 100 per cent to the industry. There is no benefit coming back to our country by way of increased industrial commitment, nor increased R&D, beyond the R&D that the industry had already committed itself to five years ago.

[Senator Kirby]

I know that Senator Barootes, when he has the chance to speak, will inevitably try to deal with this next issue because he tried somewhat unsuccessfully to tackle it on the last day the committee heard witnesses. In talking about Bill C-91 and how good it would be for the industry, Ms Erola referred to the "first building block". It seems to me that you do not talk about something being the first building block unless, somewhere down the road, next week or next month or next year, you assume there will be a second building block.

Honourable senators, I would simply draw to your attention that the industry's view of extending their R&D commitments is that they would be prepared to do so in return for some second, third or fourth building block, presumably going from 20 to 25 to 30 years of protection, or perhaps just putting the generics out of business entirely.

• (1540)

Anyone who thinks that this is the last time they will hear about this issue on Parliament Hill is absolutely wrong. You can bet that the industry will be back looking for more. Never satisfied with the amount they have, they will be back looking for considerably more in, I suspect, a very few years if not merely a few months. It is an incredible state of affairs when the pharmaceutical industry is so greedy that it continues to look for more, in spite of the fact that it gave up absolutely nothing in order to get Bill C-91.

I have one other comment to make that is fundamental to this bill. We heard from provincial governments. As you know, provincial governments are often invited to appear before Senate committees. As I think you also know, as a general rule many provincial governments do not usually appear. In this instance, we had four provincial governments appear before us. Others wrote letters. British Columbia said that we could assume that the government of Saskatchewan was speaking for them. My point is that there is a very deep interest in this issue at the provincial level. That is important to us as a regionally-appointed body.

As I said at the beginning, this bill imposes costs on provincial governments but not on the federal government. Therefore, when Mr. Wilson appeared before the committee, we asked whether he would be prepared to consider an element of provincial compensation in return for the increased cost that the federal government was imposing on provinces. We also pointed out to Mr. Wilson that when Bill C-22 was passed, $100 million was given to the provincial governments as partial compensation for the increased cost imposed by Bill C-22.

Mr. Wilson's answer can be summarized very briefly. He said no, that he was not prepared to compensate the provinces. He tried to make the argument that the provinces had actually benefited from Bill C-22. It is unfortunate that he came at the end of our list of witnesses because it would have been fun to ask the provincial ministers whether they agreed with Mr. Wilson on that point. I happen to have talked to a couple of the provincial health ministers since Mr. Wilson appeared, and they believe that they were hurt by Bill C-22, not helped by it.

I say to those of you who represent the smaller provinces, the less economically developed provinces, or what used to be called the "have not" provinces, that your provincial government will be hurt. The smaller provincial governments of every stripe — Liberal, Conservative and NDP — are opposed to this legislation. When the federal government was explicitly asked whether it would compensate at least the smaller provinces for the increased costs it was imposing on them, it explicitly said no. That is a very significant fact to be considered by the members of this chamber when they are contemplating how they will vote on this legislation.

The other issue which was discussed at length by many witnesses before the committee was retroactivity. Some of you may not be aware that the measures proposed in this bill will be retroactive to December 21, 1991, approximately 13 months ago. The reason those measures have been made retroactive by the government is that that date appears in a draft GATT text, the so-called Dunkel text, which has not been finalized. As you all well know, the GATT agreement is a long way from being finalized. Yet, the argument is that had that agreement been signed at that time, that is when the new GATT international patent rules would have gone into effect.

This is the first time in the memory of anyone on our side that the government has passed legislation to implement part of an agreement which is, after all, only a draft agreement — and no witness has been able to give us another example. There is some doubt about whether that agreement will ultimately be finalized. Even if it is finalized, section 65 of that agreement explicitly gives parties and governments signing that agreement one year to put it into effect. Therefore that date will ultimately bear no force of law. In other words, even if the GATT agreement were signed tomorrow, we would have 12 months to put it into effect.

The reality is that there is no justification for the retroactivity that has been imposed by the government. One can only suspect that, somewhere along the line, in some discussions with the friends of the government, presumably south of the border, some deal was made that would lead to an agreement for retroactivity, even though governments in Canada have traditionally been opposed to retroactive legislation.

If you look at the issue of cost, if you look at the issue of retroactivity, if you look at the issue of lack of compensation for the provinces, if you look at the issue of the jobs that are being exported by generics and fine chemical manufacturers because of the patent rules, if you look at the fact that the cost will not be borne by the Canadian government but will, in fact, be borne by provincial governments and individual citizens who cannot afford it, then on the basis of the public evidence we heard last week, it is impossible to objectively support this bill.

In the evidence we heard last week, however, there were eight observations on which both sides did agree, and they are covered in yesterday's *Debates of the Senate*. I do not want to comment on all of them but there are a couple that are worth saying something about. One of them has to do with the incredibly inefficient regulatory process which exists in Canada.

Evidence we heard last week showed that, on average, it takes three years for a measure to get through the patent process in Canada, whereas it takes six to eight months in most other countries. The committee was unanimous in its view that the patent process in Canada needs to be substantially improved.

The committee was also unanimous in its view that there is a requirement for a significantly improved regional distribution of the R&D money which the multinational drug companies claim they intend to spend in Canada as a result of their commitments under Bill C-22 — not Bill C-91. Again, I draw that issue to the attention of senators, given the regional nature of this chamber.

The fact is that, historically, 90 per cent of the money spent on drug research in Canada has been spent in Quebec and Ontario. The fact is that drug costs are paid by all Canadians. I believe that members of the committee from both sides of the house felt quite strongly that it is very important that the drug companies recognize the regional reality of Canada and begin to deal more fairly with medical schools, particularly in places such as Nova Scotia, Winnipeg and Vancouver, and stop concentrating all of their money and all of their research dollars in the central part of the country.

Another observation — which the Senate Committee on Banking, Trade and Commerce might look at subsequently — is that there are clearly certain amendments needed to the Income Tax Act to define the ways in which scientific research and development are actually calculated for tax purposes. As was clearly pointed out by a variety of witnesses on both sides of the issue, the current tax treatment works against those who want to do research in Canada, particularly in comparison with the tax treatment that they receive in other jurisdictions.

I would urge honourable senators to note observation three of the unanimous part of the committee's report.

• (1550)

Finally, I would like to make a couple of comments in reply to some of the statements made during second reading. Some of you may recall that Senators Keon and Beaulieu were the only government senators to speak on the bill at second reading. Senator Keon indicated in his speech that he is a strong advocate of the availability of generic drugs and a strong supporter of generic drugs. I must say parenthetically that I regret that he was not at the committee hearings last week because I think he would have contributed significantly. He obviously understands the issue and has some sympathy for the people who ultimately have to pay the cost of the drugs.

In his comments during second reading in December, Senator Keon talked about the three-year extension. He accepted the government's underlying assumption that the average drug will only have an extension of three years when, as I have indicated, that is all based on the assumption that the first drug is what gets "genericized" and sold. That is not true. In fact, if you look at the mathematics and a series of illustrative examples, as we did last week, the reality is that the average extension of the period of market exclusivity, which is what a patent gives you, is more like seven years than three years. I wish Senator Keon had been there to hear that evidence and to comment on it.

The other observation by Senator Keon was in response to a point Senator Fairbairn made. Senator Fairbairn made the point that Americans pay 50 per cent more for drugs than the average European. Senator Keon rose to ask why that was the case. The government's witness before the committee effectively answered that question. There are really two or three reasons. The biggest reason is that most European countries use an introductory price regulation system. That is to say, they set the price of the drug before it gets on the market, rather than regulating after the fact. There are other reasons related to the entire process by which drug pricing is handled in European countries.

Senator Beaulieu, both in his comments on second reading on December 14 and again earlier today, made the observation that this legislation is put forward to strengthen the Canadian economy. As I have already pointed out, that view is not accurate. What is happening is, lest there be some doubt, that yes, additional funds will go into the coffers of multinational drug companies. A significant amount of that money will immediately flow out of the country by way of dividends because none of those companies are Canadian-owned. What this bill really does in economic terms is that it increases costs to Canadian consumers. It takes money out of the hands of Canadian consumers, provincial governments and private drug plans, and transfers it into the pockets of multinational drug companies whose head offices are outside Canada. Therefore I have difficulty, frankly, with the argument that this bill is being put forward as an economic policy measure.

Honourable senators, that is really the fundamental distinction between the government side of this chamber and those of us on this side. It was never more evident than when the government's ministers appeared before the committee as their last witnesses. When the time came to close the hearings late last Thursday afternoon, ministers appeared, as is customary, to effectively give the last word from the government's point of view. The two ministers who appeared were the Minister of International Trade and the Minister of Consumer and Corporate Affairs. The Minister of National Health and Welfare did not appear.

Fundamentally, the difficulty and the difference between the two sides of this chamber on this bill is that the government believes that this is an economic trade bill, whereas those of us on this side of the chamber believe that it is a health bill. We believe that this is a measure which, while technically it may amend the Patent Act, in reality will have a major impact on the cost of health care to Canadians. That is why it was very significant when the ministers who appeared for the government did not include the Minister of National Health and Welfare. When we asked why he was not there, everyone kind of looked skyward. The reality is that no clear answer was given.

Again, after listening to Senator Beaulieu earlier this afternoon, it is clear he thinks he is dealing with an economic bill, a trade bill and an R&D bill. The reality is that when you listen to organizations ranging from provincial ministers of health to the CLC, to seniors' organizations, such as One Voice, to the National Anti-Poverty Organization, as we did for 13 hours a day for four full days last week, it does not take a genius to discover that —

The Hon. the Acting Speaker: Honourable senators, I should like to point out that Senator Kirby has exceeded his time.

Senator Murray: The honourable senator may continue.

Senator Kirby: Thank you. It does not take a genius to discover that what is really before us is a health and welfare bill and not an economic or trade bill. That is why the Liberal senators at last week's committee hearings found the evidence so compelling in terms of why this bill is wrong public policy, and why we — particularly those of us from some of the smaller provinces or the less-well-off provinces — believe that this bill would be a tragedy in public policy terms. The attitude of those of us on this side of the house, this side of the committee, was summed up in a line which came from the National Anti-Poverty Organization when they concluded their brief with these words, "There is no honour or pride in being part of a country that gives in to the profit-mongering of large multinational corporations at the expense of its citizens". That is a very compelling argument for voting against this bill. That is why the Liberals on the committee unanimously oppose it, and it is why I personally believe it is truly a bad, unfair and unjust piece of public policy.

I would say to senators opposite, if you have at all listened to the views of your constituents, particularly those of you who come from the Atlantic provinces, Manitoba, Saskatchewan and B.C. — to take examples of areas from which we had compelling evidence against this bill, from the provincial governments as well as other organizations — that if the purpose of this chamber is to reflect the views of the people and governments of our regions, it is impossible for you to support this bill.

It is only by ignoring the views of the provincial governments of your regions, the people of your regions and the grassroots of your regions — particularly if you are from those areas that were very vocal at the provincial government level and at the general public level, and simply deciding to rubber stamp the views of large companies, of Harvie Andre and of the Prime Minister, as opposed to doing what the people you are here representing want — that you can possibly support this bill.

The reality is that Canadians genuinely believe that this bill represents bad policy, a policy that will hurt a lot of people in this country, people who those of us on this side of the chamber have spent most of our public lives trying to defend and trying to help. That is why I strongly believe that this bill should be defeated.

• (1600)

Senator Bosa: Honourable senators, may I ask Senator Kirby a question? Among the many witnesses who appeared before the committee last week, did any representatives of generic companies state that the retroactivity of the bill to December 21, 1991, would affect their expansion plans?

Senator Kirby: I thank the honourable senator for the question. A couple of points were explicitly stated. First, it absolutely puts into doubt expansion plans. There is one particular company in Winnipeg that had actually begun construction, but when Bill C-91 was introduced it stopped construction. I gather the foundation for a building is in place, but nothing else has been done. That company made it very plain that it would probably not proceed with that building if this bill is passed.

Second, some generic and fine chemical companies indicated that they would probably have to move jobs out of the country in order to deal with the fact that patents in the United States would expire before they expired in Canada.

Third, some witnesses indicated that the retroactivity of this bill, as opposed to passing it now and making it effective now — and these are the government's own numbers — will make somewhere between 44 and 64 additional drugs, which would have been available for generic licensing had the bill been made effective as of the date it is passed, unavailable because of the retroactivity. This bill and its retroactivity in particular will have a significant economic impact on the generic industry as well as on the fine chemical industry.

Hon. Lowell Murray (Leader of the Government): Honourable senators, this is an enormously complex subject, an interesting one and an important one, having as it does implications in the public policy area in a number of fields, both domestic and international. It is far more complex than some of the simplicities that we have heard over the past few weeks would lead one to believe.

Having said that, and having followed the debate at second reading as well as having read some of the testimony at the committee and the questioning by honourable senators, I can only admire the very considerable interest and thoroughness which a number of honourable senators on both sides of the chamber, including Senator Kirby, have shown in this matter.

I regret today having to break the flow of what has been, on both sides, a discussion devoted to the substance of the bill. I rise at this time rather to address — because I do not think they should be allowed to go unnoticed — some of the process and procedural questions that have arisen — in particular, that arose last night. I shall try to do so in as non-contentious a way as possible, although under the circumstances that is extremely difficult — difficult because of the episode that took place last night, which was reminiscent of some of the worst days of the GST debate in 1990.

Senator Frith: Or best, depending on your point of view.

Senator Murray: I counted five rules of this place that were flagrantly violated by honourable senators opposite. I will come to that in more detail later, but let me begin by stating that I did not, as honourable senators know, attend the committee. I have not had the opportunity to investigate personally the matters that were the subject of debate last night — if I can call it "debate".

I gleaned from what I heard last night that there had been some arrangement or agreement among the members of that committee that when the report was brought to the Senate there would be observations attached to the report, including, apparently, a discrete set of observations emanating from the Official Opposition. To say the least, it seems that there was a misunderstanding about the form of the observations from the opposition. Therefore, last night we found ourselves in what I perceived to be a spontaneous and unrehearsed — but I think now was neither — outburst from honourable senators opposite.

What happened last night raises some general issues that we have to consider here. First, parliamentary practice has it that when a committee reports a bill, the committee may report the bill with amendments, without amendments, or with a recommendation that the bill not be proceeded with.

Senator Frith: Or with observations or without observations.

Senator Murray: Well, my honourable friend, the Leader of the Opposition states "or with observations." There is no provision and there is no practice —

Senator Frith: There certainly is a practice, but we will deal with that in due course.

Senator Murray: — except a very informal practice that has grown up in this place in recent years, to which I will refer. There is no provision, there is no practice, there is no rule that provides for editorial comment when a committee is reporting a bill to the Senate. There is no such provision. I can buttress that statement by reference to our own rules and to *Beauchesne's*, but that is a fact.

Senator Frith: It is not a fact.

Senator Murray: What is open to a committee is to report a bill with amendment, without amendment, or to recommend that it be no longer proceeded with, and I simply draw the attention of honourable senators to page 104 of our rules, where rule 98(4) states:

> When a committee reports a bill without amendment, such report shall stand adopted without any motion, and the Senator in charge of the bill shall move that it be read a third time on a future day.

That is the process that is provided for in our rules.

• (1610)

I would also draw the attention of honourable senators to *Beauchesne's*, 6th Edition, at page 210, citation 709 where it states:

> There is no authority that a committee of the House, when considering a bill, should report anything to the House except the bill itself.

I further draw your attention page of 233 of the same text, citation 831 which states:

> (2) A committee is bound by, and is not at liberty to depart from, the Order of Reference. In the case of a committee upon a bill, the bill committed to it is itself the Order of Reference to the committee, which may only report it with or without amendment to the House.

In quite recent years, and I think in my time in the Senate which goes back 13 years, the practice has grown up, with the best of motives I am sure, of adding editorial comments to the report of the bill.

Senator Molgat: In order to help the government.

Senator Murray: My friend says, "In order to help the government." I am sure it has, from time to time, suited the convenience of honourable senators on either side and on both sides; otherwise, the practice would not have developed as it has. However, it is clear that it is now getting us into some difficulty.

The point which has to be made is that the observations, whether they are majority observations, observations from the opposition or unanimously-agreed-upon observations, are not part of the report.

Senator Stewart: And should be struck from the record, you are arguing?

Senator Murray: I am not arguing they should be struck from the record, but I will come to that.

Senator Stewart: If they are not part of the report, what are they?

Senator Murray: They are not part of the report for the reasons that I have just explained and which the honourable senator, as well as anybody here, understands.

Senator Frith: They are, or they are not?

Senator Murray: They are not. It is open to a committee, under our rules, only to report the bill with amendment or without amendment.

Senator Frith: So observations are not a proper part of the report?

Senator Murray: As Senator Kirby properly stated today when I asked him, the observations are appended to the report.

Senator Frith: They are not properly a part of the report?

Senator Murray: They are not part of the report. The essence of the report is that the bill is presented with amendment or without amendment.

Senator Frith: If a report is presented with observations, then are they not properly a part of the report?

Senator Murray: The report —

Senator Frith: They should be struck out?

Senator Murray: In a few moments I will suggest a way of dealing with this problem.

Last night, when the report was that the bill be presented without amendment, our friends opposite indulged themselves in an outburst completely contrary to rules.

Senator Frith: That was after your side indulged itself in about half an hour of reading the report that contained observations.

Senator Stewart: Which you say are not part of the report.

Senator Frith: It was your report. The committee's report included that, and then you asked that it be dispensed with.

Senator Murray: The only report that can properly be made by a committee on a bill is to report the bill with amendment or without amendment.

Senator Frith: Are you saying that what Senator Barootes presented was not properly part of the report?

Senator Murray: The honourable senator has not taken part in the debate on third reading so far, and I —

Senator Frith: I am asking my friend opposite to be clear now that he has found his voice again.

Senator Murray: I think I am being quite clear, and I invite the honourable senator to take part in the debate when the occasion suits him.

My point is that a committee, reporting on a bill, may report the bill with amendment, without amendment, or move that the bill be no longer proceeded with. The appendage of these so-called "observations" is a practice that has grown up over the years. For our own reasons, that has been permitted by the Senate. Last night honourable senators were stating that the report was not receivable because those appended observations did not please them.

Senator Frith: No, they were incomplete. Be fair; we said they were incomplete.

Senator Murray: That is why we have a debate on third reading, to make exactly the points that are made in the so-called "observations".

Honourable senators, we should go back to proper parliamentary practice. We have purists on the other side who now believe that pre-study is an abomination and must not be permitted.

Senator Frith: That is a good word.

Senator Murray: The word is a direct quotation from Senator MacEachen.

Senator Frith: You are quite eloquent now that your voice has come back.

Senator Murray: I will suggest to government supporters on committees here that, henceforth, they should limit themselves to reporting the bill, as I say, as the rules provide, with or without amendment. If there is an agreement among the senators on the committee that there should be observations, whether they are unanimous observations, majority observations, or observations from a minority of the committee, those observations should be placed in a separate report which would be tabled preferably at the start of third reading. That would preserve the forms that we want to preserve in this place, and the proper procedures that we know from parliamentary practice and from the rules of this and every other parliamentary assembly that most of us have ever heard of.

Honourable senators, while I am on my feet, I should also point out that last night there were several other serious breaches of the rules which I believe I should draw to the attention of honourable senators. The first of these relates to page 23 of our rules, and was brought to our attention last night. I am referring to rule 23(1) which reads:

> 23(1) During the time provided for the consideration of the daily Routine of Business and the daily Question Period, it shall not be in order to raise any question of privilege or point of order. Any question of privilege or point of order to be raised in relation to any notice given during this time can only be raised at the time the Order is first called for consideration by the Senate.

Honourable senators, if there were questions of privilege or points of order to be raised in connection with the report that was presented last night on behalf of the standing committee by Senator Barootes, according to our rules, those points of order or questions of privilege should have been raised today.

Senator Olson: How do you reconcile that with another rule that says a point of privilege must be raised immediately?

Senator Murray: My honourable friend is referring to the rules covering debate. The rule I just quoted deals specifically with the period of Routine Proceedings and daily Question Period. For obvious reasons, it prohibits the raising and debating of points of order and questions of privilege.

If the honourable senator were still in the place where he sat for many years in the House of Commons, he would know perfectly well that, if he tried to bring up a question of privilege or point of order in the middle of Routine Proceedings, it would be dealt with very summarily. He would at best be invited to make his point when Routine Proceedings had been completed. He knows that, and that is the way it is in most parliamentary assemblies with which he or I or anyone else are familiar.

• (1620)

Senator Olson: That is the Conservative rule.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Will the Honourable Minister permit a question?

Senator Murray: Certainly.

Senator Molgat: On the matter of privilege, would he interpret for me rule 44 on page 47 which clearly says:

> 44. (1) The preservation of the privileges of the Senate is the duty of every Senator.

Further down the page, the rule reads that the question of privilege must "be raised at the earliest opportunity".

Senator Murray: Yes, honourable senators, and I just dealt with that matter in response to Senator Olson.

Senator Olson: What is the reason for that? Is that because there is no intervening business?

Senator Frith: He wants you to understand what would happen if you were in the House of Commons.

Senator Murray: Rule 23(1) explicitly prohibits the raising of questions of privilege and points of order during the hour allotted to Routine Proceedings and Question Period. That does not mean that questions of privilege cannot, should not, or will not be dealt with later; they will, in the spirit of these rules. However, they are prohibited during the hour allocated to Routine Proceedings and Question Period.

Senator Molgat: So there is a contradiction in the two rules.

Senator Murray: I do not think there is a contradiction.

Senator Molgat: Rule 44(1) says that a question of privilege must be brought up at the earliest possible opportunity.

Senator Frith: You cannot deal with it until it happens.

Senator Murray: The honourable senator thinks there is a contradiction; I do not. The rule simply says that during that hour, it is prohibited to raise these matters.

Senator Frith: How can you anticipate a point of privilege if you do not know it will happen? How can you give notice of it?

Senator Murray: The honourable senator can give notice during that period, if he or she wishes.

Senator Frith: How can you give notice of something that has not yet happened? We did not know the privilege would be broken until it happened. Would the professor allow some of his students to ask questions of his omniscience?

Senator Murray: Honourable senators, I invite the Leader of the Opposition to take part in due course.

Speaking of taking part, if honourable senators spot anomalies or imperfections in these rules — I am sure they exist — let them show it.

Senator Frith: How about imperfections in your interpretation? Are we free to ask about those, too?

Senator Murray: I admit that possibility. Senator Doody discourages me.

Senator Frith: Senator Doody says, "Do not admit that. Why should we start new practices now? I agree with that."

Senator Murray: If honourable senators have suggestions concerning the rules, I invite them to attend the rules committee and embark upon a serious study of these rules and how they have served us over the past year and a half.

Honourable senators, another rule that was flagrantly violated last night is rule 18(5) to be found at page 17.

> (5) When the Speaker rises, all other Senators shall remain seated or shall resume their seats.

It happens far too often in this place that honourable senators do not show the respect that is required for the Chair, and therefore for the Senate and for each other. I simply wanted to draw this to the attention of honourable senators.

Senator Hébert: We are not impressed.

Senator Murray: This undisciplined practice gives the Senate a very bad name indeed.

No matter what the honourable senators opposite may think or feel about any particular person occupying the Chair at a given time, all of us have some interest in maintaining a semblance of dignity and decorum in this place. That is impossible if honourable senators simply turn their backs and ignore the presiding officer when he rises in his place to call order.

Senator Frith: Do we get no break in this lecture? Can we break it into two lectures? They do that in most places. There is a short break and then part two of the lecture resumes. This professor is merciless. This is unfair to professors.

Senator Murray: Honourable senators, I wanted to come back to a point I made earlier about reports and observations. The Speaker or an honourable senator on this side would have been more than justified in bringing this to the attention of honourable senators last night when honourable senators opposite asserted the right — even on the basis of some understanding at the committee — to have included so-called minority reports. There is nothing in our parliamentary practice or rules, certainly not included in the powers of committees on a bill or any other matter, that provides for minority reports.

My friends will find at page 102, rule 97(2), the following sentence:

> (2) A report of any select committee shall contain the conclusions agreed to by the majority.

Honourable senators, when I was chairman of a committee in this place — and the government was in the minority on the committee — we did, from time to time, note in the body of the report that certain conclusions were the conclusions of the majority and were not supported by members of one party or the other. For example, in 1990, after a lengthy report of the Standing Senate Committee on Banking, Trade and Commerce on the GST, there was mention of a dissenting opinion which read as follows:

> The members of the Committee who support the Government are not in agreement with this recommendation and urge that the Senate adopt Bill C-62 without amendment.

Senator Thériault: Minority report.

Senator Murray: That is one sentence. That is not a minority report. That is part of the body of the report.

Let me refer to *Beauchesne*, page 240, citation 870:

> (2) It is the custom to include the opinions of dissenting members in a committee report. No separate minority report may be tabled in the House. *Journals*, March 16, 1972, p. 194.

Finally, honourable senators, I want to refer you to page 26 of our rules, rule 23(7).

Senator Frith: Did I hear "finally"?

Senator Murray: Rule 23(7) reads as follows:

> (7) Not later than 30 minutes after the first item is called in accordance with section (6) above —

and that is Routine Proceedings —

> — regardless of the progress then made on the items listed therein, the Speaker shall interrupt any proceedings then before the Senate and shall forthwith call for the following:
>
> Question Period.

Honourable senators, looking at *Hansard*, we were perhaps an hour and a half into the evening when Question Period had not been called, at which point the Senate decided to dispense with the Question Period.

Honourable senators will see the problem that arises if any senator or senators decide to filibuster on an item early in Routine Proceedings. Thirty minutes goes by, Question Period must be called, and the rest of Routine Proceedings goes by the board. You have then paralysed the business of the Senate for that day. It is clear that Routine Proceedings are not intended for debate. There is no provision for that.

Routine Proceedings include such matters as Presentation of Reports and Presentation of Petitions. Thirty minutes are allocated to these matters so that the Senate can then get on to Orders of the Day. In most cases, these reports or bills are put over for discussion to a future date.

While I spoke, my friend, the Deputy Leader of the Government drew to my attention the report of a Senate rules committee on June 28, 1988.

• (1630)

This concerned the Honourable Senator Molgat — I am sorry that he has left us, but he was here a moment ago. The Honourable Senator Molgat, as Chairman of the Standing Committee on Standing Rules and Orders, presented its thirteenth report as follows:

Tuesday, June 28, 1988.

> The Standing Senate Committee on Standing Rules and Orders has the honour to present its
>
> Thirteenth Report
>
> Your Committee recommends that where a committee reports a bill without an amendment or where a committee recommends amendments to a bill, the report not contain any background information, observations or recommendations.
>
> Any background information, observations or recommendations respecting a bill that is reported by a committee may be tabled separately by the committee Chairman and printed in the final issue of the committee proceedings on the bill.
>
> Respectfully submitted,
>
> Gildas Molgat
> *Chairman*

Senator Stewart: So he is attacking the report!

Senator Murray: As I indicated a few moments ago, honourable senators, this is the practice that I intend to ask my friends on this side, who are members of committees, to abide by in the future.

Honourable senators, what I have had to say deals with process and procedure, especially some of the issues, specific and general, that arose last night. It is important to address these matters before we go any further because I want honourable senators to think them over. I do not believe that good results can ever flow from bad procedure. I do not believe that the reputation of the Senate and its role in the legislative process will be enhanced by a spectacle such as we saw last night. I want to assure honourable senators that our intention on this side is to do everything in our power to prevent a recurrence; an intention which I trust is shared on both sides of the chamber.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, what we have just heard is essentially a point of order by someone who is apparently ambitious to become Speaker eventually, and so has given us a sort of preaching or a call by lecturing us all about rules.

Senator Stewart: He will be called, do not worry.

Senator Frith: I rise to support the essence of the argument that we have just heard.

Senator Murray: I knew that you would.

Senator Frith: The Leader of the Government has eloquently demonstrated that the item that he spoke about is not properly before the Senate, and that we should not be debating third reading of this bill because the third reading flows from the introduction of a report, which he has conclusively demonstrated is completely out of order.

Since the Leader of the Government and his supporters, who pounded their desks when he was finished, agree that the report is out of order, then the motion for third reading — as he also demonstrated — which is based on that report and which is the foundation for the motion for third reading, is also out of order. Therefore, if what he is doing — as I take it he is doing — is to ask that the report — the alleged report or the out-of-order report — be sent back to the committee, then I support him. I think that the Chair should so order.

Senator Murray: Dream on.

Hon. L. Norbert Thériault: Honourable senators, it was my wish to rise to move the adjournment of the debate.

Senator Frith: The Speaker should rule first.

Senator Thériault: First, I want to point out — without disqualifying myself from speaking on the adjournment — that I believe both the Leader of the Government and the Leader of the Opposition were out of order, and that they did not choose the right time to make their points.

Senator Frith: We probably agree that you are. In fact, everyone is out of order!

Senator Thériault: This being the case, I move the adjournment of the debate.

Senator Stewart: Honourable senators, on the point of order that was raised—

Senator Murray: There was no point of order.

The Hon. the Acting Speaker: There is a motion on the floor.

It is moved by the Honourable Senator Thériault, seconded by the Honourable Senator Adams:

> That further debate be adjourned until the next sitting of the Senate.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

Senator Stewart: That is a debatable motion.

Senator Olson: I think we should deal with the point of order that was raised by the Leader of the Government.

Senator Frith: No, he does not like to have them called "points of order" now that he has finished his lecture.

Senator Murray: I did not try to debate.

Senator Frith: Yes, you did. It was all about points of order.

The Hon. the Acting Speaker: Senator Murray was not speaking on a point of order. I listened very carefully. He did not raise a point of order.

Senator Frith: What would you call it then, sir?

Senator Thériault: What was he speaking on, then? He did not speak on the bill.

Senator Frith: He was speaking on his entire version of the rules, sir, and the fact that there were out-of-order proceedings last night. What would you call that, then?

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "yeas" have it.

An. Hon. Senator: On division.

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

EXCISE TAX ACT

BILL TO AMEND — SECOND READING — DEBATE ADJOURNED

Hon. Royce Frith moved the second reading of Bill S-14, to amend the Excise Tax Act.

He said: Honourable senators, on January 1, 1991, the present government distinguished itself as the first government in Canadian history to confer a certain unwanted honour and distinction on all Canadians. It imposed an iniquitous tax on reading and readers, on literature, education and the arts.

On January 1, 1991, ignoring statistics found in the 1990 StatsCan report warning that as many as 31 per cent of Canadians were limited in their capacity to deal with printed material and needed encouragement, not discouragement, to read — as indicated in the Ottawa *Citizen* of April 13, 1991 — and having rejected an amendment proposed during the third reading of Bill C-62; and thumbing its nose at thousands of Canadians right across the country, the onerous goods and services tax became effective, and for the first time since Confederation — as reported in the Ottawa *Citizen*:

> The exemption of books from the former federal manufacturing sales tax was replaced by the first ever consumer sales tax on books, representing a major withdrawal — well over $100 million — of federal support from the Canadian book industry.

• (1640)

The Prime Minister slyly suggested he would "look at" a future exemption. But, two years later, here we are with nothing, as I suppose experience should have taught us to expect from this Prime Minister.

Here is his chance and ours: Bill S-14, a bill that will exclude all reading material from the application of the Goods and Services Tax. We can pass it and earn the everlasting

gratitude of our students, libraries, authors, publishers and all those interested in the preservation of our Canadian culture.

Let us look at three aspects: First, the effect the GST has had on book, magazine and newspaper sales, as well as on the Canadian publishing industry and libraries; second, the consequences facing our students as a result of books being taxed; third, the continuing danger to an already ailing Canadian cultural community.

We have now had two years to assess the impact of this iniquitous tax. In the past six months alone, my office has received 694 petitions from Canadians all across the country who are insulted that this government could be so insensitive as to apply a tax on reading materials. My colleagues, Senators Hébert, Corbin and Marchand have also been inundated, as I am sure many of you have been, with correspondence urging a zero-rate taxation on reading materials.

These Canadians tell us that the limited amount of extra money people have had to spend these past few years has reacquainted them with reading as a pastime. Up to January 1, 1991, reading had been sensed as one of the freedoms that people from all walks of life enjoy, and that the government therefore seemed to be encouraging. But now, with the addition of the GST to the initial cost of books, the government is discouraging reading.

One book store owner observed that people who used to come and purchase several books now walk out with nothing, or with a single book, and more often than not that one book is purchased from a discount table or mark-down section. The store owner can always sense varying degrees of anger and frustration when the GST is tacked onto the price. Sales volumes are depressed. Additional downward pressure is being applied by the recession and the quality of books being purchased is compromised by the inflation of prices by the GST.

It is not surprising that in the United States book stores report that their sales to Canadians are up 20 per cent. That is a statistic from the Don't Tax Reading Coalition, published on December 14, 1992. Canadian buyers are being forced to go around Canadian retailers and purchase from U.S. outlets where prices are cheaper.

I should like now to turn to some statistics showing the GST's impact on the industry as a whole. In the first two years since the GST has been in effect, book sales have declined by 10 per cent and magazine sales by 15 per cent, while newspapers have experienced the largest drop in circulation in 50 years. The effect of this tax on the Canadian publishing industry has been catastrophic, with sales of hard cover titles published in Canada decreasing by 33 per cent. That is a statistic from StatsCan, Culture Statistics, 1990-91, page 5.

On November 5, 1991, the Ottawa *Citizen* reported that at the end of 1991 "four major Canadian publishing houses have collapsed during the past year, and most others are fighting for their lives."

As predicted by my colleague Senator Hébert in 1990, the publishing industry is suffering greatly. One newspaper editor offered the following metaphor in describing the effects of the GST on the publishing industry:

> Add the GST and a deep recession to an already precarious industry, and the tightrope becomes an even thinner, higher, wire.

Such is the case, particularly where many foreign markets are taking business away from an already troubled Canadian publishing industry.

When one considers the extent to which American and other foreign companies pervade the English-language publishing industry in Canada, it is easy to sympathize with those on a perhaps even higher and thinner wire, the significantly small French-language industry.

As an added irritation, the government has been unable to collect the GST on foreign publications purchased by Canadian subscribers. Foreign publishers are required to register voluntarily for GST. Since foreign publishers are often required to make a large advance tax deposit to the Canadian government, we are told that it is safe to assume that only a small percentage of these organizations are actually stepping forward with open wallets and signing up for this voluntary registration. All of this translates into millions of dollars that potentially could be invested in the Canadian publishing industry, instead of being lost to foreign publishers.

The GST has obliterated years of growth in our book and publishing industries, and there are many others in equal or deeper pain. Let us consider libraries, for example, which have also been hard hit by the tax. A library, of course, seeks to provide a large assortment of reading material to the public. Thus, it is often obliged to purchase books from out of the country. The additional cost of the GST greatly reduces the number of foreign publishing companies who are willing to send such material to our country. As one foreign publisher indicated, "The paperwork imposed by this tax makes it impossible..." to send any further books to Canada. That is a quotation from *Félicité* of June, 1992.

Whatever the reason may be, the facts are there. Many foreign publishers will not send their materials to Canada. It is too much trouble, and the libraries and the public suffer accordingly.

Let us turn our camera on students. Our national policy acknowledges that education and literacy are keys to Canada's future, yet the government taxes the reading materials that libraries and educational institutions require in order to help people achieve success in learning to read and write. We have both accelerator and brake slammed to the floor at the same time.

One Regina librarian reported that of a $99,000 grant awarded to its public library for a new literacy program, $36,000 would be given back to Ottawa as the library's share of the Goods and Services Tax. This information is gleaned from the Regina *Star Phoenix* of March 30, 1991.

This tax is particularly brutal for students attending post-secondary institutions. Even if the number of books that a student is required to purchase has not increased, the GST is added to the initial cost of this same number of books, so the student has to pay out more money to purchase his or her compulsory reading materials for courses. Pile this on top of the cut-backs that have been made to support programs in recent years and the increasingly difficult task of securing summer employment, and the poor student is understandably bewildered when he or she hears us exhorting them onward and upward in their education.

It is true that university book stores are entitled to a rebate on textbooks purchased, but the students who are the consumers of the textbooks are not. The victim of this inequity, then, is the students whose only fault is the desire to further their education as we keep telling them they ought to do.

• (1650)

We keep saying that we will all pay the price some day for not achieving higher educational training standards. I am sure we will if we keep pursuing these discouraging counter-measures like the tax on books.

However, there is an even greater harm that this country will suffer if the government maintains its taxation of written material. It is a harm which statistics alone cannot measure, because beyond most available statistics is the hard-to-pin-point but insidious and long-term harm to our culture.

Despite the many warnings which flag the importance of culture in our society, the arts and cultural communities have suffered crippling cutbacks. In 1991, the CBC suffered some of its most devastating cutbacks ever, triggering the closing of television stations across the country. In the six years prior to 1991, there were many other cutbacks, all aimed at and successfully hitting our cultural development, and all in the name of reducing a deficit that did not get reduced. Some of them include increasing commercial activity on television, slowing plans for further Canadianization of the television schedule, reducing the yearly hours of Canadian television network programming, and I believe the most serious reduction in regional and local programming by thousands of hours. That comes from the CBC's Parliamentary Relations Branch.

In the economic statement of November 1992, we learned that contributions to cultural programs were to be cut by 10 per cent. Last week, the federal government announced that grants and contributions to this country's ailing arts and culture community would be cut by a further $80 million over the next two years. Simone Auger, president of the Canadian Conference of the Arts, warned that:

> The role of governments at all levels in providing financial support for the arts and cultural industries must not be further diminished.

Many of us here, on both sides I believe, along with thousands of Canadians across the country agree with this statement. However, unlike many others, we here can do something about it. Filmmakers, creators, publishers, books and their authors, are all important in defining aspects of any culture. In taxing books, this government has again demonstrated its lack of commitment to the development of our culture, or a carelessness as to the consequences of what it is doing.

Canadian authors and the publishing industry are unique bodies that set us apart culturally from other countries. Let us start on a healthier cultural road. Here is a chance, honourable senators, for all of us to help the Prime Minister live up to his promise to reassess the impact of the GST on reading. Let us learn from the mistakes that other countries like Ireland have made. Let us join the ranks of Britain, the United States, Mexico, Japan, and Australia, countries which are not willing to jeopardize the futures of their students, libraries, and publishing industries, and which will not compromise the development of their cultural communities in this way.

Let us send a clear message to Canadians everywhere that we here are committed to reducing the high levels of illiteracy that exist in this country.

An Hon. Senator: Hear, hear!

Senator Frith: Let us reinstate a zero tax rate on all reading materials and, as such, put books back in their rightful place on the list of freedoms traditionally accessible to all Canadians. The first step can be taken right here by speaking in support of, and voting for, Bill S-14.

On motion of Senator Cogger, debate adjourned.

The Senate adjourned until tomorrow at 1:30 p.m.

APPENDIX

(See pge 2624)

LIBERAL OBSERVATIONS

Introduction

Liberal members of your committee disagree with the majority report, finding it at complete variance with the evidence presented.

Research and Development

The government attempts to justify its decision to proceed with this legislation by claiming that any incremental drug cost increases will be more than offset by the benefits from increased research and development spending by subsidiaries of foreign–based pharmaceutical corporations. Unfortunately, no evidence was presented to indicate that these companies, as a group, are committed to exceeding investment levels they promised to achieve in 1987. Indeed, the Pharmaceutical Manufacturers Association of Canada refuses to commit itself to R&D expenditures at any level above 10% of sales and calls Bill C–91 the "first building block" for the industry, suggesting it wants more changes in the near future.

Liberal Senators are surprised and disappointed that the Government of Canada committed itself to Bill C–91 without exacting any reciprocal commitments of increased levels of R&D expenditures.

Cost

Liberal members of your committee are totally unconvinced that incremental increases in drug costs will be limited to $129 million over five years, as claimed by the federal government. The only witnesses who supported the government's estimate were PMAC, the principal beneficiary of Bill C–91, and Dr. Heinz Redwood, former Head of Corporate Planning at Fisons, a large British pharmaceutical company.

The committee heard compelling testimony from four provincial governments, two consumers groups, one private insurer and various other organizations and individuals. None of these witnesses agreed with the federal government cost estimates.

Anti–poverty organizations and seniors' groups were particularly critical of Bill C–91. Most of the working poor do not have access to drug plans, and "...illness requiring a drug prescription...can be devastating." Seniors have already seen a serious erosion in provincial drug plans. Labour groups described how this legislation would hurt not only their members, but also their employers.

> Approximately one third of all collective bargaining agreements provide for an employer–provided or shared cost drug plan, meaning that the cost structure of Canadian businesses will be adversely affected by further restrictions on compulsory licencing.
>
> Canadian Labour Congress

In 1991, the pharmaceutical industry had annual sales of $4.4 billion in this country, an increase of 18.9% over the previous year. It is inconceivable that these exceptionally profitable corporations would open themselves to intense public scrutiny and expend so much time, energy and resources in return for a marginal increase in annual sales. The government's cost estimate for Bill C–91 of $129 million over five years represents an annual increase in sales of 0.6% for the industry. To push so hard for so little, as PMAC has done, defies common sense.

The industry's promise to invest $750 million in return for $129 million in new revenues has been greeted with skepticism by many witnesses and by Liberal members of the committee. An industry which promises to spend five times more than it expects to receive is headed for bankruptcy.

Liberal Senators believe Canadians will pay many multiples of $129 million over the next five years if this legislation is allowed to pass.

Patented Medicine Prices Review Board

One of the government's own witnesses, Dr. Heinz Redwood, testified that regulating introductory prices before the drug is put on the market is commonplace in Europe. Countries which negotiate introductory prices generally have lower prices than those which allow the pharmaceutical companies to set the price.

Liberal members are disappointed the government has chosen to deal with inflated introductory prices only after they occur, instead of avoiding the problem altogether by negotiating entry prices.

Concerns have also been raised about the constitutionality of the legislation's price control provisions. Liberal members of your committee believe that the government should refer Bill C–91 to the Supreme Court of Canada for an opinion on this matter, as it did in 1978 with Bill C–60 ("An Act to Amend the Constitution of Canada").

Domestic Industry

While all committee members are concerned that this legislation could seriously impair the ability of our generic manufacturers and fine chemical industry to export their products, opinions differ on solutions. Liberal members believe the answer lies in amending Bill C–91, because it is the legislation itself which will make illegal, in some cases, the continued exportation of product to existing overseas customers by our fine chemical manufacturers. With the level of foreign ownership approaching 90%, already the highest in the industrialized world, passage of Bill C–91 would only exacerbate matters.

Health Care

Your committee heard many witnesses call into question the federal government's commitment to Canada's national health care system. Bill C–91, when combined with continuing cutbacks to federal transfer payments, will put a serious strain on the ability of provinces to fund their health care programs.

In 1987, the federal government committed $100 million to the provinces as partial compensation for the increased costs associated with Bill C–22. With Bill C–91, the Honourable Michael Wilson explicitly rejected any contribution from the federal government, forcing provincial governments to assume responsibility for all new costs that will accrue to their hospitals and drug plans.

Liberal members question the principle of one level of government enacting legislation whose cost will be borne by another level of government, especially when none of the cost will be borne by the government introducing the legislation.

The differences the government and the Liberal members have on this bill stem from a fundamental difference of opinion: the government views Bill C–91 as an industry/trade measure, while Liberals see it as health care legislation.

Retroactivity

The government insists that Bill C–91 must be retroactive to December 21, 1991, because of our "international obligations". The GATT, however, specifically provides for a one year transition period to allow signatory states time to comply with its provisions. Article 65 (1) of the Dunkel text states:

> No party shall be obliged to apply the provisions of this agreement before the expiry of a general period of one year following the date of entry into force of the agreement.

Liberal members of your committee feel all the provisions of Bill C–91 should come into force upon Royal Assent and not before.

Conclusion

When Judith Erola, President of PMAC, was asked what would be the consequences if Bill C–91 failed to pass, she replied: "It would be a tragedy". The real tragedy would be if the government succeeds in imposing this legislation on an unwilling populace, at the behest of international business concerns. There is no honour or pride in being part of a country that gives in to the profit–mongering of large corporations at the expense of its citizens.

Liberal members of your committee therefore recommend that Bill C–91 not be proceeded with.

If the government chooses to proceed, notwithstanding the overwhelming weight of the evidence presented to your committee, the legislation should be amended to address, among other things, difficulties concerning retroactivity, export opportunities, introductory price regulation and the ability of generic manufacturers to undertake preparatory work in anticipation of the expiry of a patent on a pharmaceutical drug.

THE SENATE

Wednesday, January 27, 1993.

The Senate met at 1.30 p.m., the Speaker in the Chair.

Prayers.

THE LATE RIGHT HONOURABLE JEANNE SAUVÉ, P.C.

TRIBUTES

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, Jeanne Sauvé is one of those rare public figures in Canada: she was universally admired during her lifetime and is now universally mourned following the sad news of her death yesterday.

Long before she entered public life she had established an enviable private career. Born in Prud'homme, Saskatchewan, she was raised in Ottawa and became active as a student in various youth movements. In Montreal she became president of the *Jeunesse Etudiante Catholique*, many of whose members were to later play a significant role in the political and social evolution of Quebec, particularly in the fifties and sixties. One of them, Maurice Sauvé, a most distinguished Canadian in his own right, was to become her husband.

While she became actively involved in the political activities of her husband, that did not hinder her from carving out for herself an enviable journalistic career, which lasted some 20 years. A political commentator in the written press as well as in major television public affairs programs, with her erudition, intelligence and quickness of mind she attracted a devoted audience across the country.

[*Translation*]

It would take too long to enumerate her many activities before she started on her own career in public life in 1972. The following are some of the organizations to which she made an invaluable contribution. The *Union des artistes*, UNESCO, the Canadian Institute of Public Affairs, the *Fédération des auteurs et des artistes du Canada*, the Canadian Centennial Commission and the Institute for Political Research.

[*English*]

In 1972, she entered the House of Commons where she occupied a number of ministerial positions until 1980, when she became Speaker of the House of Commons. While her performance there was on occasion surrounded by controversy, there were never any doubts about her resolve to preside with fairness to all sides, and the many reforms she brought to the administration of the other place are a tribute to her determination in the face of many odds.

[*Translation*]

Finally, in 1983 she was appointed Governor General, which she remained until 1990 when she retired from public life. Here again, she performed her duties with great distinction and sensitivity, and managed to give an aura of dignity to a position that is often trivialized.

[*English*]

Honourable senators, Jeanne Sauvé brought to everything she did an exceptional mind, a rare work ethic and a high sense of responsibility and beauty. Her origins and upbringing allowed her to be comfortable in both major communities, and to be knowledgeable of them to the point of being able to explain one to the other because she knew both so well.

While we grieve her passing, we should also consider how fortunate Canada has been to have had Jeanne Sauvé as one of its own.

[*Translation*]

Speaking on my own behalf and on behalf of all my colleagues, I wish to extend our sincere condolences to her son, Jean-François, who lost both father and mother in less than a year, and to the members of the family.

[*English*]

Hon. Royce Frith (Leader of the Opposition): As the Deputy Leader of the Government has said, we are paying tribute today to a woman whose name was rarely said — certainly recently — without the word "first" appearing before it, and often with the word "trailblazer" after it.

Jeanne Sauvé, Canada's first female Governor General, first female Speaker of the House of Commons, and first in many other important fields of endeavour in Canada, passed away at the age of 70.

Her distinguished career began with a distinguished record of education, as was pointed out. She was educated at Notre-Dame-du-Rosaire Convent, the University of Ottawa and the University of Paris. She received honorary doctorates from the Universities of Calgary, McGill, Toronto, Queen's, New Brunswick, Mount Saint Vincent, Ottawa, Laval, Montreal, Carleton, Thailand, St. Lawrence and Laurentian. She was also awarded *la Médaille de la chancellerie des universités de Paris* from the Sorbonne.

As was pointed out, she spent 20 years as a distinguished journalist but her curriculum vitae and resume attested to a widely varied career. Her interest in the youth of Canada led Madame Sauvé to help found the Youth Movements Federation in 1947. Afterwards, she became the assistant to the Director of the Youth Section at UNESCO in 1951.

She was vice-president of the Canadian Institute of Public Affairs from 1962 to 1964 and became president in 1964. From 1969 to 1972 she was a member of the Administrative Council of the YMCA. In 1972, she helped found the Institute for Political Research.

As was pointed out by Senator Lynch-Staunton, a change in the direction of her career came in 1972 when she was first elected to the House of Commons. That position would lead her to become the first woman from Quebec to be a cabinet minister, when she was appointed Minister of State for Science and Technology in 1972.

Her Montreal constituents must have found her performance satisfactory, because they re-elected her in 1974, 1979 and 1980. She was appointed Minister of State for Environment in 1974 and Minister of Communications in 1975.

Then another first: on April 14, 1980, she was elected Speaker of the House of Commons — the first woman to hold that office. As Speaker, she authorized the space and money for an on-site day care centre for the children of employees of the House of Commons.

Her career in the House of Commons was a spectacular one. I do not think "spectacular" is hyperbole to describe what she went through as the first woman Speaker in such a male-dominated institution, as it then was, certainly. She seemed always to be at the centre of conflicting pressures, and if one of the definitions of real distinction is grace under pressure, then she certainly displayed that.

Her career in the House of Commons ended in 1984 when, by appointment, she became another first: the first female Governor General. That gave her the opportunity to meet many other Canadians and participate in community work, as she did tirelessly.

In 1988 she received the Kiwanis Foundation of Canada's Outstanding Citizenship Award for dedication to community work. The Beth Sholom Brotherhood awarded Madame Sauvé their Humanitarian Award in 1990 for achievement in the field of humanitarian service.

In an article in the Toronto *Sun* of May 5, 1988, author Micki Moore asked Madame Sauvé about her personal philosophy. The question was:

> Q: Do you have a personal philosophy of life that is in your soul, that you live by?
>
> A: I certainly do. I think you are in the world for a purpose and you must try to find out what that purpose is and keep on the course. Then you have to ask, how do you follow that course, developing the skills, maintaining the perseverance and at the same time, developing compassion and love of others.

Honourable senators, Jeanne Sauvé found her purpose and pursued it throughout her life. She was a trailblazer indeed for women, and she enriched the life of her community. She will be sadly missed by Canadians, and I think personally by many of us here.

I wonder if senators will indulge me in another word about my personal admiration and affection for her. I do this because she was such a great person and so accomplished. I think it probable with great people that one attributes to them characteristics that go with success that may not exist or are not reflective of the kind of person the succeeder or achiever is.

I first met Maurice Sauvé when he was one of the main activists in the Lesage campaign, when Jean Lesage became premier of Quebec. I was a member of a little ginger group of Liberals in Toronto, and Maurice came down and spent a weekend with us. It was sort of a seminar, although an informal one. I then got to know Jeanne, and we used to have dinner every six months or so for a period of some years.

We talked certainly about politics, but for the most part, I suppose you could say, we gossiped, although it was political gossip. She laughed a lot. She liked jokes, and she liked anecdotes, particularly funny ones. Many of the anecdotes she related were evidence of her character and her warmth. She was not given to self-praise.

My father once told me, "Never tell a story in which you are the hero; but you can always tell stories in which you are the goat." Jeanne would tell some great stories and anecdotes about events. For someone who succeeded so much, she never told stories in which she one-upped but only in which she was one-upped.

I will close with one of my favourite memories of a story she laughingly told me one night at dinner. Mr. Trudeau had phoned her one morning and asked her to have lunch at Sussex. Well, it happened that she had an appointment for lunch with John Turner. She phoned John Turner and said, "John, the boss has phoned and wants me to have lunch at Sussex, so I guess I will have to cancel." She tells the story that John said, "That is all right, Jeanne. He just phoned me and asked me for lunch, but I said I couldn't do it because I had an appointment with you."

[*Translation*]

Hon. Solange Chaput-Rolland: Honourable senators, when I looked out of my office in the Victoria Building this morning, I suddenly saw our country's flag flying at half-staff, and I think that since last night, everywhere in Canada our fellow citizens, whether they were born here or elsewhere, are mourning a great loss.

Others already described the years she spent as Governor General of Canada. I prefer to talk about her as a mother, wife and good friend.

The first word that comes to mind when I think of Jeanne Sauvé is courage. She had the courage to become one of the first women actively involved in public life and to be a wife both at home and at work. She had the courage to take on tremendous responsibilities in public life. She had the courage to remain at the side of a husband who was ill for many months and finally, the courage to face the fact that she was ill and, incredibly, to accept her own death.

Jeanne Sauvé never let her responsibilities stand in the way of friendship. I can vouch for that, as can my children and my husband. Today my thoughts go out to her son, Jean-François, to his wife and family members, and I wish to extend my sincere condolences at a time that must be very painful for them.

Today our country is in mourning. Jeanne Sauvé was a great lady, a woman of courage and a great friend.

[*Translation*]

May she rest in peace.

Hon. Eymard G. Corbin: Honourable senators, I would have wanted to prepare adequately to commemorate the late Right Honourable Jeanne Sauvé, but I was in the Sub-Committee on National Defence from ten o'clock this morning until the sitting began.

After I was appointed by the House of Commons to be an Assistant Speaker, I had the privilege of working very closely with Mrs. Sauvé when she was Speaker of the House of Commons.

Mrs. Sauvé always treated those who occupied the Speaker's Chair with the greatest courtesy. Every day, she would ask us to take part in the preparatory meetings before each sitting. I lived through the painful period of the so-called "bell-ringing" episode with her. Some thought that she showed weakness at that time by not acting on her own initiative to end the incident. In my view, those who thought that were completely mistaken. Mrs. Sauvé, in fact, showed the greatest respect for parliamentary tradition and practice by not intervening on her own initiative to end the bell-ringing. She considered the problem to be a political one, caused by the parties involved, and therefore, it was not up to the Speaker to end the bell-ringing. In that, she showed her wisdom and deep respect for the great British and Canadian parliamentary tradition.

The last time I had the good fortune to meet Mrs. Sauvé was on the train from Ottawa to Montreal; we were travelling in the same coach. At the station, she invited my wife and me to go for coffee at the Sauvés' new home in Montreal. She was extremely kind, believe me. As we were about to leave, she was called to the telephone; she spoke to her husband who was returning from Charlevoix that same morning. It was obvious that the Sauvés got along extremely well with each other. How sorry my wife and I were to learn a few days later that Mr. Sauvé had an incurable illness, and you know what happened after.

Now Mrs. Sauvé, in turn, has died. For me and very many of my colleagues, whether we still sit in the Parliament of Canada or have left, she will always remain the great lady of Parliament. She was the first woman to become Speaker of the House of Commons, and her personality was such that approaching her and talking with her was easy and pleasant.

For French Canadians living in the West and the Maritimes — indeed everywhere — Mrs. Sauvé's death is a loss because she was a strong defender of their rights, and we are all deeply saddened at her passing.

I offer her son and her relatives my most heartfelt condolences.

Hon. Thérèse Lavoie-Roux: Honourable senators, I wish to join all colleagues in this house in marking the passing of Mrs. Sauvé, and although not unexpected, when the final break occurs, it is always painful.

Mrs. Sauvé was a woman of superior intelligence. She was a woman of principle and remained faithful to principles that changing times and values might have caused others to abandon. To her, there were certain fundamental values that she felt must be maintained. Her integrity was without question, and because of her abiding interest in people she was well loved by her constituents.

I might add that for seven years we were neighbours in our riding offices, since her riding of Ahuntsic was right next door to my own riding of Acadie. Our relationship was always most cordial, and we often met socially.

Mrs. Sauvé never went on a platform to defend the feminist cause. She was convinced that she could contribute in a different way. She always set very high standards for herself. I think Senator Frith or someone else mentioned her performance as Speaker of the House of Commons. We must not forget that Mrs. Sauvé had no legal background and that this was a first for a woman. Nevertheless, she tackled this job with courage and determination and her performance was as outstanding as in her previous positions. It was her courage, intelligence and determination that made it possible for her to achieve this standard of excellence which to her was the best way to advance the cause of women. One can say that she was successful in this respect as well.

In concluding, I wish to extend my condolences to Jean-François. As was pointed out by the Deputy Leader, Jean-François lost two loved ones within a very short time. He was

an only child, and he was very dear to Mrs. Sauvé, who loved him very much. I also wish to extend my condolences to the entire family.

• (1400)

[*English*]

Hon. Joyce Fairbairn: Honourable senators, I was deeply saddened when I received a phone call late last night from a journalist advising me of the death of Jeanne Sauvé and asking me for an instant comment. It is very difficult to provide such a comment when it encompasses the kind of contribution she made for so many years, not only to public life in Canada, but also, I believe, to the role of women in our society. My simple response was that she was a remarkable woman and had led a remarkable life. Jeanne Sauvé did not simply set precedents, she blazed trails that made it much easier for others to follow.

I first became conscious of her contribution when I was an aspiring journalist here on Parliament Hill over 30 years ago. This tremendously talented woman was captivating, through her skill, talent and intelligence, on television, which was a medium in which at that time no woman had yet trod in our Canadian journalistic history.

She was a successful politician, and a very modern person in politics. That was reflected in the jobs she undertook in political life: science and technology, the environment, communications and, finally, the astounding position as the first woman Speaker of our Parliament, following which she became our Governor General.

She was comfortable in any part of Canadian society, whether it was a splendid ball at Government House or a visit to a small community in western Canada, such as the one I come from. In our centennial year in the city of Lethbridge, Alberta, Jeanne came to help us celebrate. She came with her assistant and a prepared text, and stood up in front of a very large group of people in our city. She looked at those friendly faces, threw the text aside and said, "I am just going to speak to you from my heart." Her visit is still remembered and talked about in that community. She touched many lives.

I will conclude simply by saying that her contribution to the life of the country, and, as other speakers have said, to the future of opportunity for women in Canada to dream dreams and achieve the highest heights, really cannot be estimated.

I join with others in extending my sympathy to her son, Jean-François.

[*Translation*]

Hon. Gérald Beaudoin: Honourable senators, I had the privilege of knowing Jeanne Sauvé for the past thirty years.

She had many careers and left her mark on each one: Catholic Action, the CBC, journalism, the cabinet in Ottawa, Speaker of the House of Commons and Governor General of Canada.

She had a sense of fundamental values and certain rare qualities that prepared her for the great destiny that was to be hers. She had many talents, including a quick and lively intellect and an innate sense of communication. She was a woman of ideas and also a woman of action. She stood with her feet firmly on the ground.

She was a humanist and was interested in public affairs, the arts, cinema and literature. She had a profound respect for the French language and culture. She was also a woman of erudition and fluency in English and other languages. She was involved in the causes in which she believed: her country, youth, family and justice.

As was pointed out by Senator Lynch-Staunton and Senator Frith, she was a "first" and met political challenges head on. She achieved a great deal in those few years of public life. So far, her political career has been unique.

[*English*]

Jeanne Sauvé was brilliant, dedicated and courageous. She has done much for both men and women. For most of her life she was very healthy. When she became ill during the last years of her life, she demonstrated tremendous courage. She was a remarkable woman, and, without any doubt, one of the greatest figures in our history.

[*Translation*]

I wish to extend my sincere condolences to her family and friends. Mrs. Sauvé was a credit to a Canada which she loved and which she defended with great wisdom. She deeply loved Quebec, which she represented so well in Ottawa, and all Francophone minorities.

We mourn a great lady, who now belongs to history.

• (1400)

[*English*]

Hon John Buchanan: Honourable senators, I should like to say just a few words on the passing of the late Right Honourable Jeanne Sauvé. During my twelve and a half years as premier of Nova Scotia, four Governors General officially visited our province, but none of them with the grace, dignity and bearing of the late Right Honourable Jeanne Sauvé.

On four occasions she officially visited Nova Scotia and it was always a joy to accompany her. She had an extraordinary effect on people. Many in this chamber who knew her well would certainly agree with that.

As Governor General, she represented the Queen with great dignity, charm and integrity. During her five years as Governor General, the admiration and love ordinary Canadians had for her grew. Whether she was touring an art gallery or a university, attending provincial dinners, touring industrial

plants wearing her hard hat and safety glasses, or just meeting ordinary Canadians and Nova Scotians, her presence was always acutely felt. There is no doubt that she enhanced the Office of the Governor General of Canada.

She was very special and one always had a very nice time when with her. I remember one occasion during her official visit where, due to a strike at a local university, we had to cancel many of the planned events. My wife and I and our protocol office arranged other activities throughout the day. That was rather special to us because we spent all of that day with Jeanne Sauvé. It was a day we will always remember. She had that kind of impact on you, personally.

• (1410)

Jeanne Sauvé made her mark in Canadian history, and she will always be fondly remembered as a Governor General of Canada. I wish to extend the deepest sympathy on behalf of myself, my wife and family, and I take the liberty of also expressing sympathy on behalf of the people of Nova Scotia, who loved her dearly.

Hon. Senators: Hear, hear!

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, we are now 70 days into the contempt for democracy administration of this government, which has outstayed its welcome.

ROUTINE PROCEEDINGS

RADIO CANADA INTERNATIONAL

REDUCTION IN FUNDING — NOTICE OF INQUIRY

Hon. Raymond J. Perrault: Honourable senators, I give notice that on Friday next, January 29, 1993, I will call the attention of the Senate to the consequences and the implications of the reduction in funding for Canada's shortwave radio service, Radio Canada International.

[Senator Buchanan]

[*Translation*]

PATENT ACT AMENDMENT BILL, 1992

PRESENTATION OF PETITION

Hon. Mario Beaulieu: Honourable senators, I have the honour to present today a petition signed by 10,742 Canadians from across the country in support of Bill C-91. The petition reads as follows:

[*English*]

> We, the undersigned, support Bill C-91 (an act to amend the Patent Act) because we believe it is only fair that pharmaceuticals receive the same patent protection as our inventions. Bill C-91 will better harmonize Canada's patent protection with its trading partners, therefore protecting significant Canadian investment and jobs.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 200 citizens from British Columbia who are opposed to the goods and services tax.

These petitions come mostly from Coquitlam, Burnaby, Surrey, Vancouver and Port Moody.

Those 200 Canadians are opposed to this unfair and regressive tax generally, but more specifically as it relates to books and periodicals, which should please, among others, Senator Chaput-Rolland, who is unfortunately not here at the moment.

[*English*]

QUESTION PERIOD

THE SENATE

ABSENCE OF GOVERNMENT LEADER

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Acting Leader of the Government. As he can imagine, my question deals with our concern for the health of the Leader of the Government who, yesterday at this time, seemed struck with an attack that showed the symptoms of lockjaw.

Senator Perrault: Vocal paralysis.

Senator Frith: Fortunately, from a certain point of view, if it was lockjaw that attacked the Leader of the Government

during Question Period, it went into remission shortly thereafter and enabled him to deliver himself of a long, pedantic and tiresome lecture to us less-informed mortals about the *Rules of the Senate*.

I want to know if the Leader of the Government in the Senate is not only not able to answer questions today, but not even able to be here — perhaps checking the strength of his anti-tetanus shot — or whether he is in good health and, when he returns, will be able to answer questions?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, the Leader of the Government is in excellent health.

Senator Frith: Is he still subject to these attacks at Question Period time?

Senator Perrault: Always in the afternoon.

Senator Lynch-Staunton: If he is not here today and if he will not be here tomorrow, it is because important cabinet meetings have been called for both days.

Senator Perrault: He is intending to run for leader, is he?

Senator Lynch-Staunton: Those meetings are of unusual length because the House of Commons is not sitting. However, the Leader of the Government in the Senate has asked me to take any questions that may be asked as notice, and to inform honourable senators that replies will be given as quickly as possible. As a matter of fact, I have three replies, to be delivered when the time comes, to questions asked yesterday.

Senator Frith: And you will be taking notes as he did yesterday? He was taking questions as notice to himself.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have answers to questions asked yesterday by Senator Austin regarding the Prime Minister's proposed trip to Russia; by Senator Olson regarding GATT negotiations; and by Senator Olson on an update of negotiations regarding international grain subsidies.

FOREIGN AFFAIRS

PROPOSED TRIP OF PRIME MINISTER TO FORMER SOVIET UNION — REQUEST FOR AGENDA AND LIST OF PARTICIPANTS

(Response to question raised by Hon. Jack Austin on January 26, 1993)

A trip of this nature is under consideration. However, at this date no plans have been made.

GENERAL AGREEMENT ON TARIFFS AND TRADE

AGRICULTURE — STATUS OF NEGOTIATIONS ON ARTICLE XI

(Response to question raised by Hon. H.A. Olson on January 26, 1993)

Countries were engaged in both multilateral and bilateral discussions in Geneva between December 3 and December 18, 1992 and again between January 7 and January 15, 1993.

The United States and the E.C.(European Communities) negotiators held bilateral meetings between January 9 and January 10 to work towards a package of industrial tariff reductions but they met an impasse. This is disappointing but substantial progress has been made in closing the remaining gaps in the negotiations.

The United States and the E.C. overcame most of their differences in the agriculture area in November 1992. They agreed to modifications to the Draft Final Act (DFA) which accommodate their positions. The text of their agreement is referred to as the Blair House Agreement.

Canada has urged both Washington and Brussels to recognize the importance of the Uruguay Round and to resume the talks without delay following the inauguration of President Clinton.

A GATT agreement would be good for Canadian farmers. It would provide for improved and more secure access to foreign markets and help level the international playing field by reducing trade distorting domestic and export subsidies.

The government remains committed to the balanced Canadian negotiating position, which calls for stricter disciplines on export subsidies and stronger trade rules including the clarification of Article XI. The federal government remains committed to achieving a MTN result that will allow supply management to function effectively.

The federal government will continue to consult closely with all stakeholders during the resumption of the negotiations.

AGRICULTURE

INTERNATIONAL GRAIN SUBSIDIES — REQUEST FOR UPDATE ON NEGOTIATIONS

(Response to question raised by Hon. H.A. Olson on January 26, 1993)

At present, efforts to find a solution to the problem of export subsidies in the international grain trade, includ-

ing European and American enhanced export subsidies, are going on within the MTN. The solution to this problem is to bring the Uruguay Round of GATT talks to a successful conclusion, which has been an ongoing government priority.

ORDERS OF THE DAY

PATENT ACT AMENDMENT BILL, 1992

THIRD READING — DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Beaulieu, seconded by the Honourable Senator Teed, for the third reading of Bill C-91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters.

Hon. Consiglio Di Nino: Honourable senators, a major objective of Bill C-91 is to encourage pharmaceutical companies to use Canada as a base in their search for new and more effective drugs. Rarely has there been such an opportune moment for Canada to join a growing global industrial sector —

Senator Perrault: Opportune moment?

Senator Di Nino: — and provide itself with the means to become competitive worldwide.

As the Honourable Pierre Blais, the then Minister of Consumer and Corporate Affairs, said on second reading of this bill in the other place:

> In a knowledge-intensive global economy, ideas and innovation are essential for international competitiveness. Any nation that wants to maintain a high standard of living must strive to remain at the cutting edge of technological change.
>
> If we want to remain the country with the highest quality of life in the world, Canada must have intellectual property laws that reward creativity and attract investment

We should all be aware of the fact that the pharmaceutical industry is in the process of global restructuring. In deciding on where to relocate its research or manufacturing activities, drug companies are looking for areas that offer them significant competitive advantages.

A key concern of all these firms is the extent to which their intellectual property innovations will receive patent protection in a given country. The key factor in encouraging investment in R&D is the protection of intellectual property rights to ensure a fair return on investment.

[Senator Lynch-Staunton]

In the context of pharmaceutical R&D, patent protection and assurance of a period of market exclusivity to provide a reasonable return are issues which are looked at very closely. Presently, our intellectual property rights for pharmaceutical products provide less protection than those of other developed nations. This protection is a critical consideration, other factors being similar, in decisions for location and resource allocation by research-based companies. With the establishment of a new global-based business environment, there is a need to address more systematically the impact of our treatment of patent protection for pharmaceutical products on the international competitiveness of Canada in attracting investments in the pharmaceutical sector.

• (1420)

The passage of Bill C-91 will improve our ability to attract the billions of dollars of pharmaceutical investment currently looking for a suitable home. As Minister Wilson stated in his presentation before the Senate committee examining the legislation:

> With our current system of compulsory licensing, we cannot hope to attract investment from the growing international pharmaceutical industry.

In fact, honourable senators, there is already a large body of evidence to show exactly how Bill C-91 will affect the Canadian pharmaceutical industry. Since January 1992 when the government first announced its intention to end compulsory licensing, pharmaceutical companies have announced that they would invest an additional $650 million in Canada for the period between 1992 and 1996. These commitments are only the beginning. Once this bill is passed, further investments are promised and several other products are anticipated that could as much as double the final total of investments generated by the passage of Bill C-91.

Honourable senators, let us be clear on this point: These investments are motivated by the expectation of a fair return, of which improved patent protection is a necessary component. They are conditional on such protection being provided. Without it, Canada will not be able to compete with the rest of the world in attracting the pharmaceutical industry, and these investments will move to other, more inviting parts of the world.

As you are no doubt aware, in December of 1991 Arthur Dunkel, the Director General of GATT, came down with a report to resolve the Uruguay Round deadlock that, among other things, provided for a regime for intellectual property protection which made compulsory licensing for pharmaceuticals unacceptable. At that time we were confident that the Uruguay Round would eventually be ratified. I remain confident that that will happen.

Since that time, a trade agreement with the U.S. and Mexico has been concluded, creating the largest trading area in the world. The NAFTA contains the same provisions for compulsory licensing as appear in the draft Dunkel GATT text, and includes other important provisions to protect Cana-

dian innovators and creators who presently operate in the Mexican and American markets.

This is no trivial matter. Half a billion dollars in new investment means jobs for Canadian researchers, medical personnel and many others from professionals to secretaries to trades persons. Such investment will support a full range of industrial activities such as the construction of plants, the manufacturing of equipment, research and development and clinical work in hospitals, research establishments, universities and private labs.

The brand-name pharmaceutical industry already employs about 18,000 people across Canada. Since 1987, more than $1 billion has been invested in Canadian medical R&D. The pharmaceutical sector represents the kind of knowledge-intensive, innovative industry that Canada needs to enhance its international competitiveness. It supports jobs and creates high, value-added products for world markets. Significant medicines have been discovered or largely developed in Canada. Canadian scientists already have an international reputation in strategically important fields such as molecular biology.

Expertise exists at research centres in universities across the country that are recognized internationally for their advances in cardiovascular research, neurobiology, cancer, molecular biology, genetics, immunology and structural biology. Biomedical research is contributing to the understanding of mechanisms of disease, and provides continuing advances to the development of new diagnostic and therapeutic approaches for health care. In fact, at least 32 significant medicines such as insulin, rabies vaccine and the BCG vaccine for tuberculosis have been discovered and/or largely developed here in Canada.

Since 1987 alone, 15 new drugs have been discovered in Canada, including drugs for the treatment of the HIV virus, asthma and diabetes. These medicines do more than just treat and cure illnesses. They also contribute a significant export item to this country's balance of trade. They give companies located in Canada a chance at the kind of world product mandates that means exporting pharmaceutical products from this country rather than importing them.

In attracting additional investments, Bill C-91 will build on this record and stimulate the emergence of a world class pharmaceutical industry in this country. The benefits of this new investment will stretch right across the country. For example, about $90 million of the commitments announced so far will be located outside central Canada.

In the debate surrounding Bill C-91, a lot of wild charges were made concerning its effect on the generic industry and on health care costs. The generic industry is claiming that Bill C-91 will destroy them. Again, honourable senators, let us look at the facts.

This legislation provides the generics with a period of transition. There were some 14 products for which licences had already been granted before December 20, 1991. These can be brought to the market as before. In addition, there are close to 2,000 off-patent products that will be available to the generic companies that they have yet to copy. The best selling eight of these alone represent about $180 million a year in current sales. In addition, let us not forget that over half of the business of the generic drug industry involves drugs for which patents have already expired.

Clearly, scenarios of doom and gloom for the generic industry do not fit the facts. One fact that should be added is that the generic drug industry in the United States has also done well without a system of compulsory licensing. The absence of compulsory licensing is obviously no significant impediment to growth and impending profitability.

What about the bill's effect on health care costs? We know that new medicines and treatments help reduce the overall burden of these costs. In 1991, a Science Council of Canada report stated that medication was the "most widely used of all health technologies and is one of the most cost-effective when used appropriately".

Modern health care depends on advances in pharmaceutical products. Medicines have the potential of helping people avoid far more expensive treatment such as surgery and hospitalization. For example, recent U.S. studies showed that almost half of all foreseeable improvements in health care will be a direct result of new medicines. To take one concrete example, there are currently 93 new heart medicines in development in North America, a fact which led the Battelle Institute to estimate that new drug therapy will decrease cardiovascular mortality by 40 per cent.

• (1430)

In Canada, cardiovascular disease costs our health care system $16.8 billion a year, more than any other disease. Only 4.4 per cent of these costs are attributable to heart medicine, yet heart medicines provide clear cost savings. One study estimated that their use realized savings of more than $140 million.

Bill C-91 will actually encourage the type of activity that can eventually reduce the costs of health care in Canada, and at the same time it can make a significant contribution to Canada's competitive position. It will create an environment that will encourage the best and brightest researchers to stay in Canada rather than moving abroad, and it will help improve the quality of medical pharmaceutical research in Canada.

This bill will also bring Canada into the mainstream of international developments in the pharmaceutical industry, linking Canadian researchers to leading-edge research around the

world. It will lay a solid foundation for a healthy, competitive and expanding pharmaceutical industry in this country, and will position Canada among the world's leaders in the search for new medicines and new cures. With these investment commitments, Canada's pharmaceutical industry will become truly national in scope and truly international in terms of its overall competitiveness.

The policy of the government as reflected in Bill C-91 is to provide reasonable protection for the intellectual achievements of those who have invested in the expensive and high risk research characteristic of innovation in pharmaceuticals. Such protection will provide them with a fair reward for their efforts, and encourage them to continue their creative work in this country rather than elsewhere. By pursuing this policy, the government will encourage investment R&D, job creation and the search for new cures and new treatments that will improve the health and quality of life for all Canadians.

In conclusion, honourable senators, this legislation is not for the benefit of the drug industry. It is not for the benefit of the brand-name manufacturers nor the generic manufacturers. This bill is for the benefit of Canada and Canadians. With this bill we are telling the world that we are competitive. We are telling the world that we will provide a level playing field and that we are open for business. We are telling the world that we have the talent, the skills and a government willing to make the tough decisions to encourage business to locate in Canada and provide opportunities and jobs for Canadians.

Let us send a strong message to the rest of the world that Canada welcomes investment and is ready to provide competitive, fair and effective protection for intellectual property, including patents and pharmaceutical discoveries.

I urge all honourable colleagues to vote in favour of this bill.

Hon. M. Lorne Bonnell: Honourable senators, as pointed out by many of the witnesses appearing before us last week, Bill C-91 marks the beginning of the end of the system of Medicare. Doom and gloom all over. There are many areas of concern, particularly the provisions of retroactivity, the impact on the provinces and the effects on the Canadian people. I fear that the implementation of this bill and its impact on our health care system is serious.

It is critically important to review the testimony given by those witnesses directly affected by this legislation. I would like to highlight what the Canadian people, as represented by their provincial governments and many interest groups and organizations, truly feel about this piece of legislation.

As noted in our observations, the evidence presented by the witnesses confirms that this bill was not introduced for the benefit of Canadians, but rather to serve the needs of the profit-seeking multinational brand-name drug companies.

Honourable senators, we must be concerned about the number of Canadians living in poverty and those we would classify as the working poor. The Advisory Council on Welfare estimates that there are currently 900,000 working poor adults. These individuals cannot make ends meet. We have all heard the stories about poor families having to make the choice between food and filling a prescription. There are cases where patients may go without medication to ensure that there is enough food for their families to eat. Why will this government not recognize that prescription drugs are a necessary life-saving part of the health care system?

In its brief to the committee, the National Anti-Poverty Organization, stated:

> We want to go on record as strongly opposing Bill C-91 as we feel it will ultimately have a negative effect on the health and well-being of many Canadians already living in poverty in this country...NAPO's very real concern in relation to Bill C-91 stems from the impact of increased drug costs on the health of poor Canadians...Regardless of who is right in the figures war, NAPO contends that any increase in drug costs borne by the poor consumer is too high a price to pay. It will invariably lead to greater health problems and, consequently, a greater strain on an already heavily burdened health care system.

The federal government has paid lip service to the notion of a universally accessible health care service. However, Canadians have lost faith in this government.

The consequences of this bill will be borne by provincial governments, private insurers and individual consumers, not by the federal government. I think it is imperative that we realize the effects of this bill on the provinces and their drug programs, and ultimately the health care system in Canada.

Many of the provincial governments have voiced concerns about this bill and its impact on their provincial health care system. Furthermore, those appearing before the committee were fearful of the consequences of this bill on their provincial drug programs.

I would like to take a few minutes to review the testimony given by representatives of the provinces. The government of Saskatchewan, as represented by the Associate Minister of Health, Lorne Calvert, contends that:

> ...it is our conclusion that, if passed in its present form, Bill C-91 will increase the cost of pharmaceuticals to Saskatchewan residents by at least an average annual cost of $6- 10 million.

The government of Manitoba, represented by the Minister of Health, the Honourable Don Orchard, estimates that over the next 10 years, drug costs will increase by up to $150 million. As noted by the minister:

> ...this legislation will, in fact, most likely cost Manitobans two to three times the figure suggested by the federal government. In an environment of continued federal withdrawal of support for health programs, an additional burden will be placed on Manitoba's health care budget. This is unacceptable. If this bill proceeds in its current form, it is essential that provisions for transitional payments to the provinces be made to compensate for the additional cost that every province will bear.

The Minister of Health for New Brunswick, the Honourable Russ King, stated in his presentation:

> Bill C-91 threatens to destabilize a very delicate balance that we, like other provinces, are attempting to put in place to keep Medicare in our province relevant to the needs of the people.

• (1440)

The New Brunswick government recently conducted a study on provincial drug costs in conjunction with Blue Cross of Atlantic Canada. The conclusion is worth noting. Bill C-91 will cost the province of New Brunswick an additional $342.1 million over nine years for its senior citizens' program. The cost of prescription drugs for individual seniors, currently an average of $442 per year, will increase to $796 per year by 1996 and to $1,135 per year by 2002.

The Honourable Wayne Cheverie, the Minister of Health for Prince Edward Island, also appeared before the committee. While Prince Edward Island may be the smallest province, we have the highest percentage of senior citizens receiving the Guaranteed Income Supplement. Over 90 per cent of those senior citizens receiving the GIS are registered with our Pharmacare program, which translates to just over 15,000 individuals. According to statistics from the Pharmacare program, most seniors average 12.6 prescriptions a year. The P.E.I. government estimates that for four drugs alone, Bill C-91 will increase the cost by $500,000. As noted by the minister in his presentation:

> All provinces have been working extremely hard at controlling health care costs from redesigning management and administrative structures to bulk purchasing and generic substitution of drugs. The federal government, by accelerating the parliamentary process, is putting at risk the very principles and intent of the *Canada Health Act*. The series of amendments developed by the provincial and territorial ministers could help ease the impact of this legislation in the provinces where it will be most keenly felt.

In a written letter to the committee, the Minister of Health from British Columbia, the Honourable Elizabeth Cull, wrote:

> British Columbia's Pharmacare data shows that volume increases have been limited to approximately the rate of population growth and dispensing fees have actually gone down. Drug costs, however, have increased at over 15 per cent per year. Between 1985 and 1991, drug costs went up by over 133 per cent. Most of this increase is attributable to new drug prices.

The British Columbia government contends that Bill C-91 will cost the province an additional $120 million over 14 years for the drug Vasotec and an additional $25 million over eight years for the drug Mevacor.

In addition, we were also fortunate to hear from Dr. Jim Smith, an MLA from Nova Scotia and the health critic for the Official Opposition in Nova Scotia. He noted that the Nova Scotia government has admitted that the passage of Bill C-91 will cost that province $17 million per year and threatens its Pharmacare program. As stated by Dr. Smith:

> As we can easily determine, the result of Bill C-91 will clearly mean for Nova Scotians the further reduction of the portion of the health care dollar that now goes toward the care of people... The working poor in Nova Scotia who are not covered under Pharmacare and often go without prescription drugs because of insufficient income will certainly not be helped by this bill when we know that some brand-name medications cost as much as 50 per cent more than their generic counterparts. Overall, the bill will cost Canadians as much as $1 billion more each year. The foreign-owned multinational drug companies have a great deal to gain by the passage of this bill. It is the Canadian consumers who have so much to lose.

The provinces will be hurt by this legislation. Why is it that our colleagues on the other side of this chamber cannot realize the risks associated with this bill? I only hope that by the end of this debate they will understand the severe consequences of adopting this piece of legislation unamended.

I should like to move on to the issue of retroactivity and our international responsibilities. The Government of Canada contends that Bill C-91 must be retroactive because of the General Agreement on Tariffs and Trade, which I might add has not been agreed to and signed by all 112 members, and NAFTA, the North American Tree Trade Agreement, which I also might add has not been passed by the Parliament of Canada.

I think it is important to put on the record, first, the fact that no testimony was given during the committee meetings on the North American Free Trade Agreement suggesting that such retroactivity would be required. Second, concerning GATT, while the Honourable Michael Wilson, Minister of International Trade and Industry, Science and Technology, has said

that this bill is in line with the GATT Dunkel report, again there appears to be no requirement for retroactivity. To top things off, Article 65(1) of the Dunkel text states:

> No party shall be obliged to apply the provisions of this agreement before the expiry of a general period of one year following the date of entry into force of the agreement.

Why has the Government of Canada insisted that this bill be retroactive?

Many of the witnesses appearing before our committee opposed the retroactive provision included in this legislation. They viewed it as unfair and very "un-Canadian", if I may use that term. The generic drug industry will be particularly hard hit by this provision in the legislation. As noted in a December 1992 position paper by the Canadian Drug Manufacturers Association:

> Retroactive legislation changes — like those proposed by Bill C-91 — are repugnant to Canada's parliamentary traditions because they are fundamentally unfair to those parties directly affected by the legislation. Historically, the Government of Canada has recognized the necessity of providing all parties affected by a change in Canadian law with ample notice of such a change. In the interest of fairness, therefore, changes to Canada's patent trademark law should not take place retroactively.

Over the past 25 years, compulsory licensing has been instrumental in the development of a Canadian-owned pharmaceutical industry. Suddenly, owing to international pressures, particularly American influence, the Canadian government is willing to turn its back on its own industry. This is not acceptable. The Canadian-owned generic pharmaceutical industry has invested over $100 million in compulsory licences that will be rendered null and void by the retroactive provisions of Bill C-91. The federal government talks about creating a level playing field. I would ask, where is the level playing field for our generic firms?

Furthermore, I should like to bring forward the issue of "selective" retroactivity. Interestingly enough, the new powers given to the Patented Medicine Prices Review Board are not retroactive in that the board has not been given the power to collect excessive revenues due to high introductory prices retroactive to December 20, 1991. That, of course, would hurt the multinational brand-name companies.

I oppose this bill. I am very concerned about its impact on the health care system in our country. The federal government has nothing to lose by implementing this legislation. However, the poor people, the seniors, the children, the provinces, and you and I have everything to lose. I urge you to oppose this bill and stop the federal government's blatant attempt to dismantle our health care system.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, considering the time and the fact that three committees are meeting shortly, I move that the sitting be now suspended until 8 o'clock this evening, at which time we can continue debate on Bill C-91.

The sitting of the Senate was suspended.

At 8.00 p.m. the sitting of the Senate was resumed.

BUSINESS OF THE SENATE

Hon. H.A. Olson: I wish to raise a point of order, honourable senators. Unfortunately, we did not have a Question Period earlier today owing to the absence of the Leader of the Government. As he is now present, will he, in view of the extremely important, if not urgent, matters on which we should know the government's view, agree to commencing Question Period now?

Hon. Lowell Murray (Leader of the Government): No, honourable senators.

Senator Olson: Since we cannot interrogate the government, perhaps the Leader of the Government could advise us what to do in this unprecedented situation in which the government is not answering questions.

Senator Murray: That is not a point of order.

Senator Olson: But it is an interesting point.

[*Translation*]

PATENT ACT AMENDMENT BILL, 1992

THIRD READING — DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Beaulieu, seconded by the Honourable Senator Teed, for the third reading of Bill C-91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters.

Hon. L. Norbert Thériault: Honourable senators, I would like to give you, briefly, my views, my position and I believe the position of my party on Bill C-91. There is not much left to be said on the position of the Liberal Party of Canada.

[*English*]

Hon. Efstathios William Barootes: I rise on a point of order, honourable senators; there is no translation, mercifully.

Senator Thériault: Honourable senators, because I have a few words that might be of some interest to Senator Barootes, I am glad that he can now hear me.

[*Translation*]

Honourable senators, I just said that the position of the Liberal Party of Canada had been fully expressed by my colleague, Senator Kirby. I would like to take this opportunity to pay tribute to my colleagues who expressed our positions during the Banking, Trade and Commerce committee hearings last week, Senators Kirby, De Bané, Bonnell, Olson, Cools and maybe others that I have forgotten and who will forgive

me, I hope. They have done a magnificent job expressing the position of the Liberal Party and of the vast majority of Canadians on Bill C-91.

During the next few minutes I would like to talk about the position of the citizens of my own province, because I always thought that, as senators, our first task was to try and represent, to the best of our ability, the people of our regions.

I did not understand what Senator Simard said, maybe it is the translation, he might not be speaking my language, but I did not understand.

Senator Simard: I said that before you could represent the people you would have to understand them.

Senator Thériault: Since 1960 and even before that, I have always represented the people in my region to the best of my ability, and I think they realized this when they elected me and then re-elected me more often and for much longer periods of time than they did my colleague, Jean-Maurice Simard.

Senator Simard: It just seemed longer.

Senator Thériault: Honourable senators, I just want to explain as well as I can the philosophical differences between the two positions on this legislation in the Senate.

When I made my speech, one of the very few I wrote in 1985 or 1986 when we had the debate on Bill C-22, I thought it would be the last time I would take part in this kind of debate on the price of drugs in Canada, since in the 1987 legislation there was a reference to the fact that there would be a parliamentary review in 1996. At the time, I didn't think I would be here in 1996.

Unfortunately, when the big companies, when the rich friends of this government decide that they want more, the government is always ready to listen and act.

Unfortunately, some people claim this bill has set Quebec against the rest of Canada. I certainly do not want to do anything to justify those claims. I think Bill C-91 is a bad bill and that it is a bad policy for all Canadians, including Quebecers.

I have no objection to the fact that the Montreal Board of Trade, with its spokesman, Mr. Bernard Roy, the Prime Minister's former Chief of Staff, appeared before the committee and pronounced a political diatribe the like of which I have never heard before a parliamentary committee in my more than thirty years as a parliamentarian.

This debate is a matter of philosophy. However, honourable senators, a government at the very end of its term, which has stayed beyond the four years recognized since Confederation by all politicians, including the present Prime Minister, as the usual term for a government, a government which has reached the end of its mandate and for the past three years has enjoyed the support of about 20 per cent of the population, in all surveys in this country, should at least be sufficiently concerned about the well-being of Canadians to postpone this important legislation until after the next election, which, as everyone knows, must be held by the end of the year.

To explain my point, I may remind my colleagues that only this week, a television station in the Atlantic Provinces did a survey, not scientifically, but it reflects more or less the philosophy of the people of the Maritimes, at least with respect to the government and the Prime Minister. If I am not mistaken, on Monday and Tuesday people in the Maritimes were asked to call the ATV television station to state their opinion about whether the Prime Minister should stay or get out.

In the Maritimes more than 3,000 people each spent 50 cents to call the television station. The results were as follows: 87 per cent of the people in the Maritimes were telling the Prime Minister: For heaven's sake, get out! Thirteen per cent said: Stay!

It isn't that people in the Maritimes do not like the Prime Minister as a human being. Apparently, he is a very nice man. What people do not like is the government's policies, the policies and philosophy reflected in Bill C-91.

After listening carefully all last week to the individuals and organizations who testified before the Committee, I think it was quite clear that we had the public on one side and the government and manufacturers of patented drugs on the other. They were the only two parties who agreed that in five years the cost increase would be between $125 million and $129 million.

The provincial governments, which have front-line responsability, will have to pay the bill, and indeed have programs to help people who need drugs, all explained that the cost would be at least 4 to 10 times higher than the increase announced by the government.

I would like to quote some figures the committee was given by New Brunswick Health Minister Ross King. As you know, Dr. King, Minister of Health and Community Services in my province, is a member of a government that is Liberal in name but has been very conservative since it came to power. The public assistance programs proposed by two of my colleagues in the Senate, Senator Simard and Senator Robertson, who at the time were members of the provincial government in my province, were, because of the financial position of the government...

The Hon. the Acting Speaker: Senator, I am sorry but your 15 minutes have expired. Will honourable senators agree to let the senator finish his speech?

Hon. Senators: Agreed.

Senator Thériault: Thank you, honourable senators. I did not realize that my fifteen minutes had gone by so quickly. I wish to quote the findings of a study made, not by the provincial government alone but by the Government of New Bruns-

wick and Blue Cross. The study says the following, and I will quote several statistics.

[*English*]

• (2010)

The results of the study revealed the following significant points: By 1996, when the last of the compulsory licences will expire, the cumulative additional cost of all prescription drugs provided to New Brunswick seniors, for whom this program represents 81 per cent of the seniors in the province, will be $63 million — or $14.9 million a year. The total will be $342.1 million by 2002, which will mean $33.4 million a year.

Earlier in the session, I had quoted a figure of $15 million in increased costs for senior's programs in my small province alone. This means that prescription drugs, which today cost individual seniors an average of $442 per year, will cost $798 per year by 1996 and $1,135 per year by 2002.

These figures represent actual over-the-counter costs to the consumer. They are adjusted for inflation mark-up and dispensing fees. The real cost will be frighteningly high to a senior in poor health who may require multiple prescriptions in order to stay alive.

The cost of prescription drugs for individual social assistance recipients, which is $376 per year in 1993, will increase to $673 per year in 1996 and will rise to $957 per year by the year 2002.

These are for government programs alone. Just imagine the cost to taxpayers for programs for the seniors and the social assistance recipients. Just imagine the costs to the fishermen, to the farmers, to the woodworkers, those who have no coverage.

I said in the committee, and I want to repeat it here, that no later than last week I received a prescription from my physician for a medication which I take for which there is no generic equal. I went to my pharmacist and had my prescription filled. The cost was $162 for two months' supply. I take one pill a day. For some people the prescription is two a day; sometimes it is three a day.

While I was in the pharmacy, a fisherman came in with a similar prescription; it was his first prescription for that medication. When he told me what he had been prescribed, I showed him what I had just paid for my prescription. He had to put his prescription back in his pocket and walk out. He could not afford it. He did not have $162. There are many Canadians like him who are watching you, senators, and how you will vote on this bill.

I am not for the generic manufacturer. I am not anti-PMAC companies. I am for the people of my province and my country. Everyone knows that research is important, but everyone also knows that most of the new medications that have been placed on the market in the last 50 years have not been discovered by researchers paid by the PMAC companies. They are mostly as a result of the work of real researchers working on grants given by provincial or federal governments or universities.

[Senator Thériault]

• (2020)

There is a need for the kind of research that is being done by the drug companies. Everyone knows that is mostly clinical research. As a matter of fact, a friend of mine who is a medical doctor has told me that what the multinational companies are doing in Canada is using Canadians as guinea pigs in tests for their drugs.

The companies that manufacture drugs have not shown any reason why they need more money. I have never heard of one of these companies going broke. The facts are there. The Canadian Medical Association is worried about the over-use of drugs in this country. A lot of people are concerned that the PMAC people are putting too much pressure on the medical doctors to prescribe their drugs.

Senator Barootes: That is an insult!

Senator Thériault: The fact of the matter is that total sales of patented drugs in Canada have increased from $1 billion in 1988, when Bill C-22 was passed, to $1.9 billion this year — an almost 100 per cent increase in three years.

I know that, over the years, some of my colleagues opposite have worked on behalf of their people. They have not wanted to be led by my good friend Senator Barootes. Everyone knows — and it was his right to have done so — that he led the anti-medicare fight in his province. He believes that those people who have money can afford medical services and medication, and that they should be able to buy them. As for the poor, too bad, unless companies and professionals make money enough to give generously to charities on which the poor will have to depend to meet their needs.

Honourable senators, since Bill C-22 was passed, the sales of drugs in Canada have increased from $1 billion per year to $1.9 billion in 1991. The government and the PMAC spokespeople say the increase in costs will amount to $129 million. On the one hand, they use a figure of $129 million; on the other hand, they say that the PMAC people will increase their research to $375 million per year.

How stupid do they think the Canadian people are? From where will these companies get the money to provide all these hundreds of millions of dollars for grants when they will have an increase in sales of a mere $129 million?

Honourable senators, this is a dastardly act by a dastardly, dying government. I hope those senators who were appointed simply to pass the GST legislation will come to their senses and hold up the passage of this bill until the Prime Minister has resigned. They will then not owe their appointments to the Prime Minister and will be able to vote with their heads and hearts, and not on behalf of the big companies which do not need their votes tonight.

Some Hon. Senators: Hear, hear!

[*Translation*]

The Hon. Thérèse Lavoie-Roux: Honourable senators, I welcome this opportunity to address my honourable colleagues to try and convince them — and here I may be really kidding myself — that it is genuinely urgent that Bill C-91, that is the 1992 Act to amend the Patent Act, be passed.

I am not rising in this Chamber to speak for the big pharmaceutical companies or government. I rise here because I truly believe that this bill is good for Canadian industry, good for consumers and, above all, good for patients who visit doctors' offices or go to hospitals every day.

With this legislation, our country is getting into step with the rest of the western world as regards patent protection, and particularly that of invention, manufacturing, copying and licensing, limiting patent duration, product distribution and pricing.

We are putting this bill forward because we believe it is very important for the area of R&D, for the national employment situation, for our scientists and for international competitiveness. Whether we like it or not, we are faced with great challenges which, I think, this new legislation provides answers to.

This bill has undergone the required scrutiny. I think that the impressive number of testimonies in favour of this bill that we have heard while it was being developed and going through the legislative stages should encourage us to act diligently, which means that we must stop procrastinating and indeed get moving.

At this point, I would like to quote, if I may, a few of the many witnesses who have testified before the Standing Senate Committee on Banking, Trade and Commerce during last week's hearings. The Associate Dean of Medicine at Dalhousie University, Dr. Howard Dickson, said, and I quote:

> If Bill C-91 is passed, the benefits will be far reaching. A greater proportion of pharmaceutical R&D funding by industry will be directed to basic, knowledge-generating and applied research in our universities and teaching hospitals.

We know only too well that, in many areas of R&D, we are unfortunately trailing far behind other western industrialized countries.

> Enhanced support will be made available for the training of biomedical and health research professionals. Consumer interests will receive even greater protection under C-91. But most importantly —

And I think this should be our main motivation:

> — the long-term benefits to Canadians will be improved health care and enhanced quality of life.

While hoping that the government will continue to make the required changes to our laws, various other organizations, like the nine-member Association of Faculties of Pharmacy of Canada, also spoke for Bill C-91. In this regard, I would mention the testimony of the president of that organization, who said:

> Our organization is pleased to support an environment in which Canadian faculties of pharmacy and the Canadian pharmaceutical industry will be called upon to cooperate more closely for the health and well-being of the Canadian public.

The Medical Research Council of Canada, with a research budget of around $230 million, is the main federal agency for funding medical research in Canada. Its president addressed the Senate committee last week and said:

> By providing the additional patent protection contained in this bill, Parliament will be sending two significant messages: one to industry saying Canadians are offering an environment in which to invest in medical research in Canada in exchange for a commitment to pursue medical knowledge for the benefit of Canadians. Equally important is the message to the medical research community that there is a future for medical research in this country and it will be supported by government policy and private-sector investment.

This agrees with the position of other institutions, the University of Montreal, which I contacted, and also the University of Alberta. This is not surprising, coming from the University of Alberta, because I found an old press clipping from November 1990 which says:

[*English*]

> Drug law fuels boom in university research — Bill C-22 creates cash pool worth millions. Researchers at the University of Calgary Medical School are pulling in millions of dollars in new research money as a result of federal patent drug legislation. The Medical School made a conscious decision, it says, to go after money pledged to research by pharmaceutical companies in return for extended patent protection on new drugs. When Bill C-22 was passed in 1987, the Medical School attracted about $500,000 a year in research funds from the pharmaceutical industry. In three years, that figure has jumped five-fold to about $2.5 million.

• (2030)

Senator Thériault: Tainted money.

Senator Olson: It did not all come from the pharmaceutical companies.

Senator Lavoie-Roux: A lot did come from the pharmaceutical companies. That I know for sure. I am reading what the journalist said, and it is a report from the University of Alberta. I was not here when Bill C-22 was passed. I was in another legislature.

Senator Olson: I was here, and I am ashamed of it.

Senator Lavoie-Roux: We heard about a lot of things that went on during the debate on that Bill C-22. All kinds of catastrophes were predicted. It was predicted that there would be chaos. However, you must admit with some objectivity that time has not given you reason to complain. Not that I want you to find fault, but certain facts need to be recognized in an objective way sometimes.

Senator Olson: Who paid for it? Senator Thériault demonstrated who paid for it.

[*Translation*]

Senator Lavoie-Roux: Honourable senators, some other evidence I would like to refer to is that of the Canadian Association of Retired Persons which declared itself in agreement with the bill and insisted particularly on the following points, and I quote:

> We are pleased to see that, at last, Bill C-91 will give teeth to the Patented Medicine Prices Review Board by allowing it to roll back introductory prices of new medicines. As older citizens, we count on innovative and improved drugs for the treatment of our illnesses.

Let me remind you that innovative companies have discovered and developed 32 new drugs in recent years in Canada, some of which treat cancer, Parkinson's disease and diabetes. In 1991, the pharmaceutical products sector invested $84 million in research in universities and hospitals.

I think this is important. We are all happy that longevity has increased for Canadians; in my opinion, this is due to various measures like Medicare but it is also due largely to research that was done and that continues to be done. We must recognize, and I think my friends opposite will agree, that the discovery of new drugs has in many ways decreased the costs of health care since it has led to reduced hospitalization periods.

Senator Thériault: Do you have any figures to support that?

Senator Lavoie-Roux: Listen, I do not have them here, but if you want figures—

Senator Thériault: Nowhere was such a statement made.

Senator Lavoie-Roux: In any case—

Senator Thériault: No provincial health minister will support you on this.

Senator Lavoie-Roux: I was once a Minister of Health, and that is what we said at the time. No one can deny that is true, and many of my colleagues here have probably benefited from various treatments for heart problems or cancer or eye problems, for instance. They enjoy the benefits of research. It is important for Canada, which has already carved out an enviable place for itself in pharmaceutical research, not to lose what it has gained in recent years. I think it is important for Canadians; I think it is important for the economy; and I think it is important for us to remain one of those countries that are on the leading edge of pharmaceutical research.

At this point I would also like to respond to the objections that were raised by the generic products sector. Make no mistake; I agree that they have a role to play. I have here an editorial by Mr. Sansfaçon which appeared in *Le Devoir* on Monday, January 25, and I quote:

> When the generic products sector cries wolf and says it will go under if this bill is adopted, we must doubt its sincerity. Although it is true that from now on it will have to wait a little longer before it can copy other companies' formulas —

Senator Thériault: How long?

Senator Lavoie-Roux: Three years.

> — it is also true that in recent years, their production growth increased four times as fast as that of the innovating industry. The biggest generic companies, *Apotex* and *Novopharm*, both located in Ontario, also happen to record the largest number of medical prescriptions in this country each year. However, these companies merely copy the most popular drugs, and at least 60 per cent of their business concerns drugs whose patents have already expired. Although it is true that the prices of patented medicines are higher than those of generic drugs, the fact remains that they did not rise as fast as inflation and that the new bill —

In fact, this is interesting and something we often forget —

> — provides for stricter control mechanisms than the ones we have today.

We have heard people say this will put our health care system at risk. I am sorry to say that at this very moment, our health care system is indeed vulnerable as far as financing is concerned. However, I think making the passage of this bill responsible for the failure of our health care system is going a little too far. If our health care system is vulnerable financially, this is due to a number of reasons.

As we are about to adopt a bill that I am sure will improve the situation for consumers and health care services, I think it is high time we looked at other ways to prevent our health care system from breaking down. For many years, we have been talking about preventive health care and promoting health care. It was a favourite subject of Minister Lalonde at the time.

I think the provinces may not have taken sufficient action in those areas, and it may be that Canadians are not sufficiently aware of their responsibility for our health care system. If it breaks down or disappears altogether, it will be our own fault and that of all Canadians, professionals and others who refuse to accept these changes or who refuse to act on the responsibility they have for a system whose resources cannot be unlimited. I may be digressing somewhat but I mentioned this because we cannot blame the pharmaceutical companies for a possible breakdown in our health care system. I think the problem existed before.

I think we should see this in the perspective of giving the best possible service and providing our fellow citizens with the best possible resources for maintaining their health so that they will live longer, healthier lives. This bill, far from being harmful to Canadians, will add significantly to the quality of care they can expect.

As I have always said, no bill is perfect. However, I have no hesitation in saying, after due reflection and analysis, that I support this bill.

Senator Thériault: I would like to put a question to Senator Lavoie-Roux. I think she was Minister of Health, or Social or Family Affairs, I don't remember the exact title. Who do you think, in Canada, is in the best position to predict the cost increases which will result from Bill C-91, after the ones from Bill C-22? Who is in the best position to predict those costs and explain the increase which has taken place since 1987?

Senator Lavoie-Roux: I must tell you that I do not know who in the government calculated the potential increase which will result from this bill. You will recall that when Bill C-22 was passed, its opponents predicted huge increases which did not materialize. In a sense I am glad, not because they were wrong but because Canadians were less affected. The increase in the cost of patented drugs, following passage of Bill C-22, was lower than inflation.

Senator Thériault: Honourable senators, I put a question to Senator Lavoie-Roux and, as a true politician, she did not answer it. I asked her who, in her opinion, was in the best position to say what the increase was following passage of Bill C-22, and then what would be the increase resulting from Bill C-91. All the Ministers of Health who appeared before the committee said two things. First, their predictions of an increase — you could have a mini-conference or you could consult Mrs. Clinton, maybe she would give you some tips — all the Ministers of Health who appeared before the committee—

Senator Beaulieu: Not all Ministers of Health.

Senator Thériault: I said those who appeared before the committee. Maybe you would understand better in English. They explained that the cost they and we predicted at the time of Bill C-22 would be higher.

In my province, although they have reduced benefits — and almost all Ministers of Health, including yours, Senator Lavoie-Roux, have reduced services or increased costs to the user — since Bill C-22 was passed, program costs have increased more than was predicted by its proponents. In 1987-88, Canada spent $1 billion a year, but in 1991 we were up to $1.9 billion, almost double what it was three years earlier, the largest increase in this country's history.

Senator Lavoie-Roux: The price increase of patented drugs was about 2.9 per cent. When you say that the increase was $900 million, to $1.9 billion, I think you refer also to generic drugs which are consumed in larger quantities than patented drugs. I am not in position to answer that tonight, we would have to separate the various drugs. For patented drugs, the figures come from the Patented Medicine Prices Review Board and they tell us that the increase was below inflation.

Senator Thériault: Honourable senators, the board has no jurisdiction —

The Hon. the Speaker: Order, honourable senators. According to our rules, the 15 minutes have long since expired.

Hon. Jacques Hébert: Honourable Senators, in spite of everything Senator Lavoie-Roux has just said, Bill C-91 will cause untold damages to Canadians and will only benefit a few big foreign multinational companies. That is, in a word, what we think of this bill.

As Senator Kirby so eloquently put it last night, this bill will bring about a steep increase in drug prices in Canada. That is undeniable. The federal government for its part foresees a mere $129 million increase over the next five years, a token amount according to the government since money will come raining down on us as a result of the millions the companies say they will invest in research and development if the bill is passed.

However, an examination of the numbers given by several witnesses who appeared before the Banking, Trade and Commerce committee last week shows that the government forecasts are, at least, conservative. The Saskatchewan government alone, and not that of the largest province, claims that Bill C-91 will cause a $750 million increase over five

years. According to an article published on page D-1 of the November 16 issue of the *New York Times*, there will be a $400 million increase in the year after Bill C-91 is passed — it is an American paper — and an $800 million increase a year by the end of the decade. What was the increase the government forecasted again? Is it $129 million? The *New York Times* says it will be $800 million by the end of the decade. As for Dr. Stephen Schondelmeyer, director and professor of pharmaceutical economics at the Prime Institute, he puts the drug price increase during the next 15 to 20 years at $4 to $7 billion. However, I am sure that my colleagues opposite will agree that these astronomical increases are not offset, cannot be offset, by the extra $500 million in research and development that we see quoted everywhere, except in the bill. In short, the government should go over its calculations and change its forecast regarding drug price increases.

[*English*]

• (2050)

Interestingly, I have here a document designed to discredit Dr. Schondelmeyer. It has obviously been prepared for Conservative senators and contains the handwriting of at least one of them. I can deduce from the basic thrust of this paper that the Conservatives were considerably threatened by this illustrious gentleman and were prepared to resort to every underhanded means at their disposal to discredit him.

Senator Gigantès: Conservative means.

Senator Hébert: Three points appear under the document's first heading, "General Strategy".

Senator Lynch-Staunton: What document is that?

Senator Hébert: It is the document that I have here.

Senator Lynch-Staunton: Could we have a copy of it?

Senator Hébert: Yes, of course. The three points read as follows:

> 1) Do not let Schondelmeyer take up the majority of the hour with his presentation (cut him off if needed);

That is indicated in the document here.

Senator Molgat: I see!

Senator Lynch-Staunton: Who is the author of that?

Senator Gigantès: You are!

Senator Lynch-Staunton: Could you table that, please?

Senator Hébert: It continues:

> 2) Continue to attack Schondelmeyer's credibility as an independent and unbiased expert;

Senator Lynch-Staunton: Could you table the document?

Senator Hébert: And the third point:

> 3) Do not get bogged down in technical details. Ask for short yes or no answers.

Senator Lynch-Staunton: Is that unusual?

Senator Gigantès: Tory-style campaign!

Senator Hébert: The remainder of the document contains comments and questions all designed to undermine the witness's credibility. This cynical and manipulative procedure was no doubt used to cast doubt on the honesty of a man who had the authority to uncover the government's duplicity.

Senator Lynch-Staunton: That is a serious accusation.

Senator Hébert: Why would the government resort to such a sleazy machination? Could it be that Dr. Schondelmeyer's expertise threatened to blow the lid off the government's short-sighted and petty scheme, designed to smoke the Canadian public with huge health care increases and to provide huge profits to multinationals?

I would conjecture the following: The federal government is imposing drug price increases but will pay none of these additional expenses. Furthermore, increases will be divided roughly as follows: Provincial governments will shoulder 50 per cent of the increases — including the Quebec government, Senator Lavoie-Roux — whereas consumers and private drug plans will each be saddled with 25 per cent increases. Therefore, given the magnitude of the figures disclosed by Dr. Schondelmeyer — imagine increasing the price of drugs by $4 billion to $7 billion over the next 15 to 20 years — I can fully understand that the Conservatives would spare no effort to hide this reality from Canadians.

As well, I can fully understand why nine out of ten provincial governments are opposed to this bill. Not only has the federal government imposed huge increases on provincial health care budgets, but it has also refused to provide any compensation to help offset these additional costs.

I wish to remind my colleagues opposite that the federal government provided the provinces with $100 million as partial compensation for the increased costs imposed by Bill C-22. However, the Minister for International Trade, Michael Wilson, categorically rejected that option when asked about it in committee last week.

The government has alleged that any price increases precipitated by Bill C-91 will be more than compensated for by increased research and development spending by large drug manufacturing companies. However, the bill leaves this issue at the absolute discretion of the manufacturers. It provides no mechanism to force companies to increase R&D spending. It is myopic and ridiculous to force Canadians to swallow huge drug price increases without the means to ensure that higher costs will be offset by more research and development spending. The government is asking Canadians for a blank cheque once again.

[*Translation*]

As for research and development, there is no valid reason to believe that Bill C-91 would significantly improve basic research in the pharmaceutical industry in Canada. The president of the Quebec — not the Ontario — Consumers' Association, Dr. Alain Paquet, confirmed this concern when he appeared before the Banking, Trade and Commerce committee on January 21, 1993. He said:

> These comparative advantages depend on many other factors such as the concentration of a group of researchers with special expertise and the tax treatment of companies and individuals. Furthermore, basic research is generally and often mainly carried out near company headquarters or in countries where those headquarters are located.

In other words, outside Canada.

Also, according to an assessment by a task force of the Canadian Department of Consumer and Corporate Affairs — note that I am not talking about any pressure group; this is the federal Department of Consumer and Corporate Affairs — the changes introduced in 1987 with Bill C-22 have not yielded the expected results. I quote:

> Contrary to the pharmaceutical drug industry's claims in 1987, a draft study for the Department of Consumer and Corporate Affairs shows limited job gain, little growth in basic research and almost no capacity to produce the active ingredients for drugs in Canada.

This is from an article in the Ottawa *Citizen* of September 17, 1992. Now the only reason that could have justified Bill C-91, a serious increase in spending on research and development, is completely called into question.

At this stage, I would like to comment on something that bothers me. Many have tried to suggest that all of Quebec was for Bill C-91. However, several groups representative of Quebec are opposed to this bill and appeared before the Banking, Trade and Commerce committee last week. It is important to point that out. For example, the Quebec consumers' association, representatives of the Quebec teachers' union and the national federation of Quebec consumers' associations.

Concerned that Quebec can maintain an accessible health care system, Béatrice Chiasson, who represented both the coalition for maintaining free health care and the Quebec teachers' union, said this:

> In Canada and in Quebec, expenditures on health care and medical and hospital services are controlled, but expenditures on pharmaceutical products are not, and their costs are increasing at such a rate that our public health-care plans are already threatened. In Quebec, senior citizens are now charged a user fee of $2.00 per prescription —

That points out very well where the problem lies: if Bill C-91 is passed, consumers will pay the price.

Marlène Harvey of the national federation of Quebec consumers' associations had this to say:

> — let us remember that this recession, which has led to widespread discouragement that shows no signs of ending among Canadians who are hit by unemployment, the threat of job loss and impoverishment, when their social programs have been attacked and are likely to be attacked again, is no time to impose a new burden on them. Bill C-91 would put a new burden on them because the increases in drug prices would affect them as taxpayers.

I cannot understand why the federal government, which is always telling us that our health care system is in crisis and that we cannot afford additional costs, still tables a bill that will, in effect, increase costs without ensuring major spending on research and development.

[*English*]

• (2100)

This is the only reason I can see that the government has introduced this appalling bill — to please its rich friends who run the multinational drug companies.

Finally, given the overwhelming evidence that Bill C-91 will serve only to impose huge costs on the Canadian health care system, as well as on consumers, I urge all senators to find it in their conscience to do the right thing and vote against this odious bill.

In any event, I wish to move an amendment, which I will explain as briefly as possible.

Bill C-91 will prevent Canadian fine chemical manufacturers and generic drug manufacturers from producing products for the export market as long as they are still protected by Canadian patents. Testimony in committee showed that, due to the regulatory process, Canadian patents are usually issued after patents are obtained in other countries. In the specific case of the United States, Canadian patents are issued between 18 and 24 months after the American patent is issued, and sometimes up to seven years later. As a result, Canadian patents, as a general rule, expire after patents in

other countries expire. Since Canadian fine chemical manufacturers and generic drug manufacturers will be prohibited from producing products for the export market for the length of the Canadian patent, it will take longer for these manufacturers to become internationally competitive, if they can at all.

The Canadian Fine Chemical Manufacturers Association, on whom this provision will have a substantial effect, claim that they had some discussion with the Department of Consumer and Corporate Affairs concerning this issue. Apparently government officials recognized the problem —

The Hon. the Speaker: Order please. The allotted 15 minutes has expired. Is there unanimous consent that the senator be allowed to continue?

Hon. Senators: Agreed.

Senator Hébert: Apparently, government officials recognized the problems which may arise from this provision, but expressed concern that, without such a provision, there would be a possibility of leakage of Canadian manufactured product back into the domestic market. However, according to the Canadian Fine Chemical Manufacturers Association, this is highly unlikely. For a product to appear on the heavily regulated Canadian market requires both a notice of compliance and a drug identification number.

Michael Wilson, Minister of Industry Science and Technology, also addressed this issue when he appeared before the committee on the last day of hearings. He admitted that the government was aware of the problem and that they had held some consultations. However, he also said, "We have not found a resolution to the problem at this point."

Although Mr. Wilson agreed that allowing products to be manufactured in Canada and exported is a desirable objective, he claimed that introducing industry-specific legislation to achieve this objective would be difficult under the terms of the GATT.

Because my time is running short, I move:

> That Bill C-91 be not now read a third time, but that Clause 4 of the bill be amended by adding, immediately after line 40 on page 3, the following:
>
> 55.3(1) It is not an infringement of a patent for any person to use the invention for which the patent is obtained for the purpose of producing a specific article for export to a country that the Minister has certified by notice published in the *Canada Gazette* to be a country that grants patent protection substantially equal to that granted by this Act, if
>
> (a) any patent rights granted in that country for the same invention have expired prior to the use;
>
> (b) the person gives notice of the use, in the prescribed manner and within the prescribed period, to the patentee, the Minister and, where the invention pertains to a medicine within the meaning of subsection 79(2), the Minister of National Health and Welfare;
>
> (c) any article produced by the use is exported to that country within the prescribed period after it is produced; and
>
> (d) the person complies with such other conditions as are prescribed.
>
> (2) It is not an infringement of a patent for any person to sell any article that is produced by the use of an invention in accordance with subsection (1) to a purchaser in a country that the Minister has certified by notice published in the *Canada Gazette* to be a country that grants patent protection substantially equal to that granted by this Act, if
>
> (a) any patent rights granted in that country for the same invention have expired prior to the sale;
>
> (b) the person gives notice of the sale, in the prescribed manner and within the prescribed period, to the patentee, the Minister and, where the article is intended or capable of being used for medicine or for the preparation or production of medicine, the Minister of National Health and Welfare;
>
> (c) the article is sold for use or consumption in that country and is exported to that country within the prescribed period after it is produced; and
>
> (d) the person complies with such other conditions as are prescribed.

The Hon. the Speaker: It is moved by the honourable Senator Hébert, seconded by the honourable Senator Gigantès:

> That Bill C-91 be not now read a third time, but that Clause 4 of the bill be amended by adding, immediately after line 40 on page 3, the following: —

Senator Cogger: Dispense.

Senator Kelly: No, read it, please.

The Hon. the Speaker: Do you want it read?

Senator Olson: You have to read it.

Senator Gigantès: Why do you bother reading it when you are intending to vote it down anyway?

Senator Lynch-Staunton: How do you know that?

Senator Gigantès: Because the patent drug lords don't like it, and because the Tories own shares in those companies, that is why.

The Hon. the Speaker: It is up to the house to decide.

Senator Lynch-Staunton: Dispense.

The Hon. the Speaker: Do I dispense, honourable senators? I would like to know. It is up to you.

Some Hon. Senators: Read it.

The Hon. the Speaker:

> 55.3(1) It is not an infringement of a patent for any person to use the invention for which the patent is obtained for the purpose of producing a specific article for export to a country that the Minister has certified by notice published in the *Canada Gazette* to be a —

Senator Lynch-Staunton: Dispense.

The Hon. the Speaker: Shall I dispense, honourable senators? I would like to know. It is up to the Senate.

Some Hon. Senators: Dispense.

The Hon. the Speaker: Dispense? Very well. Is the house ready for the question?

Some Hon. Senators: Question.

The Hon. the Speaker: Is it your pleasure, honourable senators to adopt this —

Some Hon. Senators: No.

Some Hon. Senators: Yes.

The Hon. the Speaker: All those in favour of the amendment will please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: All those opposed to the amendment will please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

Senator Murray: We intended to speak on this matter. We have not even received a copy of this proposed amendment. We sent the Page out to make copies of that amendment.

The Hon. the Speaker: Honourable senators, I asked if the house was ready for the question, and I got an overwhelming "yes".

• (2110)

Senator Molgat: If it is the desire of Senator Kelly to speak, we are certainly more than prepared to hear him. Therefore, let us not take the vote; let us hear Senator Kelly.

Hon. William M. Kelly: Honourable senators, I simply want to make some comments on this bill, and it may well be that when I have completed my speech, Senator Hébert, my close friend and colleague, may withdraw his amendments.

Senator Hébert: I don't think so.

Senator Molgat: It is a good try.

The Hon. the Speaker: Honourable senators, I have put the question. We have to settle the question of the amendment.

Senator Molgat: Can we, by unanimous agreement, suspend the vote on the motion and hear Senator Kelly?

Some Hon. Senators: No.

Senator Molgat: We are trying to accommodate Senator Kelly, but if you do not want to do that, it is your problem.

The Hon. the Speaker: It is up to the house to decide. However, the question has been asked and I have ruled that the response is in the negative, so the amendment is defeated.

Senator Molgat: No. Then we ask for a standing vote.

Senator Kelly: Come on.

Senator Molgat: I tried to get agreement to let Senator Kelly speak, but it is you people who are saying no.

Senator Kelly: Honourable senators, I understand that I have been given leave to speak, and I would like to speak.

Senator Cools: You can't; there is a vote.

Senator Molgat: Honourable senators, I proposed by unanimous consent that we hear the honourable senator. Some of the senators on the other side said no. It is unfortunate, but that is the situation we are in. Having been refused, we ask for a standing vote. It is your people who have said no.

Senator Kelly: Do we have agreement that we have a standing vote right now?

Senator Molgat: No. Call the yeas and nays.

The Hon. the Speaker: If there is unanimous consent, we can hear Senator Kelly.

Hon. Senators: Agreed.

Senator Kelly: Thank you, honourable senators.

Senator Molgat: Don't thank the people on your side.

Senator Doody: Now you know who your friends are.

Senator Molgat: Your friends are over here.

Senator Kelly: Honourable senators, I have listened to the debate on Bill C-91 and I have read and watched the volumes

of media coverage over the last couple of months. I would like to offer a brief commentary of what I have seen and heard. I must say at the outset that I find the debate on Bill C-91 fascinating; by this I mean not only the debate in Parliament but also the debate that has raged back and forth in the media. Obviously this is an important piece of legislation. It is an emotive piece of legislation. It brings forth the widest possible range of views and brings diametrically opposite philosophies to the fore.

I have been troubled by the many objections about Bill C-91 that have been raised here, in the other place, in the media and in the public debate; troubled because these concerns and objections appeared on their face to be important and compelling, and were often put forward by people who appeared to be, or represented themselves as being, experts in the field. In most cases, however, further study or examination reveals what I believe is a considerable amount of misunderstanding. I must acknowledge that in the next short while that I have to speak, I will repeat many things that have been said before, but I think they need to be said.

I do not pretend to have any expertise in this area. I believe I am able to contribute to this debate, but not from a position of expertise or even of particular interest. I wish to evaluate all sides after the arguments without being encumbered by partisan or ideological considerations.

Senator Olson: Wow!

Senator Kelly: I have no lofty motive in these remarks other than to catalogue these concerns and objections to Bill C-91, and at least to examine those that came to my attention that were most frequently advanced and to offer a rebuttal, or at least the other side of the argument.

The first allegation I came across goes like this: Since passage of Bill C-22 in 1987, drug prices have increased faster than the rate of inflation. If true, this allegation would tend to prove that the enhanced patent protection for brand-name companies does inflate costs, as opponents to Bill C-91 suggest. Furthermore, the allegation, if true, belies the promises made by brand-name companies during parliamentary review of Bill C-22 and would tend to demonstrate that our pricing review mechanism, in particular the Patented Medicine Prices Review Board, has been ineffective.

The allegation is misleading. In fact, Statistics Canada figures indicate that from 1987 to the end of 1991, patented drugs have risen at an average of 2.9 per cent per year, which is below the rate of inflation. The problem arises when nonpatented drugs are factored into the equation. Nonpatented drugs account for about 80 per cent of the market. Their price increases have exceeded inflation, but neither the existing legislation nor Bill C-91 can be blamed for that.

The next allegation I came across is: Bill C-91 will put an increased burden on provincial drug benefit programs. In Ontario alone, it is said that the extra cost could amount to $100 million annually. The health care system in Canada is severely challenged; there is no question about that. Nor is there any question that responsibility for the maintenance of the health care system falls on the provinces, which are already strapped by the recession and fiscal cutbacks. However, patented drugs account for only 3 per cent of total health care costs in Canada. The price increase for that 3 per cent segment would have to be enormous in order to create the overall price increases that are being talked about by some of the provincial health care people and others opposed to Bill C-91.

Furthermore, this government has calculated the additional cost to drug purchasers based on a product-by-product analysis taken over two years. They arrived at a figure of $129 million in 1990 dollars over five years. The government's figures and methodology used to arrive at that projection were endorsed by Dr. Heinz Redwood, an internationally recognized expert in the field. I understand that there are lots of experts in the field. Nonetheless, these are legitimate figures, at least in my opinion.

Senator Gigantès: Of course.

Senator Kelly: The next allegation made against Bill C-91 is: The future of Canada's generic industry is bleak, and we hear that again and again. Honourable senators, no one wants to undermine the generic drug manufacturing industry that has grown up in Canada largely as a consequence of drug patent law changes made in 1969. It is an important sector, a major generator of employment, investment and competition, largely Canadian owned, and a vital source of competition to the brand-name manufacturers.

However, the same argument about dire consequences of enhanced patent protection was made by the generic industry and their supporters when Bill C-22 was being considered. Since the passage of Bill C-22, the generic industry has grown by 180 per cent. I do not fault that, but it is hardly a diminishing industry. We must also bear in mind that about 60 per cent of the gross revenues generated by the generic industry come from drugs already off patent. Accordingly, I suggest that the apocalyptic scenarios for the future of the generic industry are somewhat off-base, as they were in the context of Bill C-22.

The next allegation I come across is that the bulk of R&D funding by the brand-name manufacturers is actually for marketing of new drugs, not for the invention of new drugs. Those who make this argument have to realize that it cuts both ways. The bulk of pure R&D expenditures by the generics is spent to reproduce or replicate drugs that are already on the market. That is fair. The generics cannot argue that they invest substantial amounts of capital, at least in comparison to the brand-name manufacturers, in pure R&D.

• (2120)

In any event, since 1987, Statistics Canada figures show that the brand-name manufacturers have increased their R&D expenditures as a percentage of revenues from 2.9 per cent in 1987 to 9.6 per cent in 1991. Over the same period, they increased basic or pure research from 17 per cent of total R&D to 26.5 per cent of total R&D.

As an aside, I would mention that I find it difficult to argue against the spending of certain amounts of money by the drug companies, in what is described as advertising new drugs. Clearly, it is important to send a message out to people who need remedies for their afflictions in order to tell them what the drug may do. They can only do that under strict control, but that is also a very important part of the attack that has to be taken against the maladies that we face these days.

I might say some of my comment there comes from the inability that the tobacco industry has these days to tell about the excellent things they are doing to make smoking safer.

Senator Lynch-Staunton: Order!

Senator Gigantès: The poor tobacco people cannot tell us it is good to get lung cancer?

Senator Kelly: I might move along now.

Senator Gigantès: I will remember that one. The Tories want more lung cancer so that the drug manufacturers can sell us more drugs to take care of it.

Senator Kelly: I am sorry I raised the question.

Senator Gigantès: So that you can make more money from the shares that you own in drug companies.

The Hon. the Speaker: Order, please, Senator Kelly has the floor.

Senator Kelly: The next allegation that I came across was that the government moved with excessive haste in bringing forward Bill C-91. This argument, as I understand it, holds that Canada could have postponed implementation of the proposed Dunkel text to GATT, or the NAFTA requirements until either agreement came into full force and effect. There is also an allied concern about the so-called retroactivity elements to Bill C-91.

Canada endorsed the Dunkel proposal submitted as part of the GATT negotiations in December 1991. The regime contemplated by Bill C-91 is included in the North American Free Trade Agreement.

For those who oppose the retroactivity of Bill C-91, which in effect is retroactivity from June 1992 back to December 1991 — six months — I would say, "Would you prefer, instead of six months, to have retroactivity of 18 months or two years? Would you prefer to wait for GATT and NAFTA to apply the retroactivity back to December 1991?" Because December 20, 1991 is the date, in any event.

I simply do not understand this retroactivity argument. To me, the government did not act with undue haste. It simply set, beyond doubt, the rules of the game that were to apply, in order to avoid any confusion and uncertainty; to avoid having the generics spend time and money on drugs that could not be approved under Dunkel or NAFTA.

Had the government not acted to clarify the situation, the residual confusion would have created havoc for the generic industry's investment plans and decisions and would certainly have delayed or resulted in the loss of the investments by the brand-name manufacturers that have been announced since Bill C-91 was tabled.

In sum, the counter-argument is that Bill C-91 reduced the retroactivity period that would otherwise have occurred. Bill C-91 clarified a situation that would otherwise have been somewhat confused.

We have to understand that, among other things, Bill C-91 is about investment. Investment capital is fluid; it knows no boundaries and has little national allegiance. Canada must compete with a host of other countries for its share of this investment capital, and to compete we must have a competitive intellectual property regime.

According to figures I obtained from the Department of Industry, Science and Technology, since Bill C-91 was tabled in June 1992 there have been announcements of new capital and R&D investments by the brand-name pharmaceutical companies in Canada totalling $675 million. Let me give you some examples, honourable senators. On June 24, Upjohn announced $6.5 million to upgrade equipment and establish a new research unit. Bristol Myers Squibb has announced a total of $28.25 million in new investment. SmithKline Beecham has announced a total of $43 million in incremental investment. On October 5, Ayerst announced $60 million for a new plant in Brandon, Manitoba. On December 7, Eli Lilly announced plans to invest a total of $170 million in increased R&D in Toronto. Sandoz Canada Inc. announced $14 million to expand its Whitby plant. Sandoz officials indicated that this investment would not have happened without Bill C-91.

There are those who claim that Canada will never get its fair share of investment in this sector because of the structure of the pharmaceutical industry. By this they mean the foreign ownership/multinational nature of the brand-name industry

and the fact that, historically, R&D and manufacturing have occurred close to head office, or at least close to the major market concentrations.

That industry structure did mean that, in the absence of extraordinary measures such as the previous government's initiatives in 1969, Canada consistently got the short end of the stick in terms of capital and R&D expenditures. That situation, honourable senators, is changing. The brand-name pharmaceutical industry is moving to a globalized structure, where plants are specializing and are being given world product mandates, or at least regional mandates, on specified product lines.

For Canada to get its fair share of the international business under this new globalizing industry structure, we have to make our intellectual property regime competitive with other industrialized countries. Otherwise we will be left out, relegated to a backwater, supplying our own relatively small domestic market, rather than having access to the huge international market.

In addition, because of our advanced and stable health care sector, our excellent university community and advanced R&D capability, and because of the quality of life in Canada, we can, if our patent protection regime is competitive, reasonably expect our fair share of the global investment pie. Bill C-91, in my opinion, is absolutely essential in positioning Canada to compete.

The Hon. The Speaker: Honourable senators, Senator Kelly's time has expired. If there is unanimous consent, he may finish his speech.

[*Translation*]

POINT OF ORDER

Hon. Jean-Maurice Simard: Honourable senators, I would like to take this break to point something out to my colleagues. Unless I am mistaken and a copy of the French version is available, I would like to ask Senator Hébert whether his office or the Official Liberal Opposition works only in English. I do not think that is in keeping with the customs and rules of this house, because all documents, certainly amendment motions, should be in both official languages. If you can tell me that the French version will arrive soon, I can accept that. Otherwise, I am tempted to ask that the sitting be suspended.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I certainly have no objection if Senator Simard prefers to postpone the debate until tomorrow, but here is the explanation why this is not in both languages, and it is very clear. This is a very technical amendment. Frankly, we did not want a translation that might contain legal errors. That is why we preferred to present it in the language in which it was written. The Senate has translation specialists who will do it. It was just to make sure that there were no legal errors. If Senator Simard prefers to adjourn, we have no objection, but I must tell you that in our group we do not have the technical services to do such a legal translation.

Senator Simard: Honourable senators, I would like to be a good boy and go along, but I think it would create a serious precedent if we accepted this amendment on the basis of the explanation just given to us. I think that explanation could be used at other times. Some senators — I will not name anyone on the other side — insist that the rules always be followed, especially where official languages are concerned.

Senator Molgat: I understand the objection perfectly; I am not at all opposed. I just answer that our own staff does not have the technical ability required to do such a legal translation. If you want to put it off until tomorrow and have the Senate staff do the translation, it is up to you.

[*English*]

• (2130)

The Hon. the Speaker: Honourable senators, is there unanimous consent that Senator Kelly should finish his speech?

Hon. Senators: Agreed.

Hon. William M. Kelly: In spite of the fact that the spell has been broken, I will try to get back on track.

Senator Molgat: Back to the same high plain on which you were navigating.

Senator Kelly: What I have tried to do, with no special skill at all, is review some of the suggestions that have been made which, frankly, have been scary. They certainly scared me. I tried to do sufficient research to find some comfort in the fact that there was a response to some of these suggestions. I hoped my research would help senators to think carefully about where we are headed with this bill.

My final point is simply the outpourings of an old man. When we step aside from all of the backing and forthing, there is nothing more important than doing whatever we can to foster as much research as we can. I was a teenager in the late 1930s, probably the early 1930s, when polio was the big scare. I do not know who spent the money to find the cure for that dreadful disease; all I know is that kids with whom I went to school ended up in iron lungs or ended up crippled for life. I can remember the marvellous feeling I had when, all of a sudden, that disease totally disappeared.

Whatever we do here, with this legislation or anything else, let us never forget, at the end of the day, we still have to find cures for some incurable, serious, and scary diseases. I know

we have to worry about who pays for what, but let us not, for heaven's sake, discourage research. We must do everything we can to encourage research. I think Bill C-91, to an extent, is about that.

Senator Molgat: Would Senator Kelly permit a question?

Senator Kelly: Yes.

Senator Molgat: Although I do not agree with the contents of Senator Kelly's speech, it was a good speech. I am sure he agrees that passage of this bill will result in additional costs to Canadians, although the figures vary greatly. The federal government has told us it will be $129 million over five years. A very reputable province like Saskatchewan has told us it will be a minimum of $750 million over five years, and possibly as high as $1.2 billion. Others have even higher figures. Be that as it may, I am sure he agrees that there will be additional costs.

If it is passed, this bill will become a law that has been passed by the federal government, yet the federal government will not bear any of those costs; they will be borne, essentially, by the provinces. Is it not reasonable, then, that the provinces should be compensated?

Senator Barootes: Is that your second amendment?

Senator Molgat: It is a question arising out of Senator Kelly's speech. His speech was broader than the amendment, Senator Barootes, and I did not object.

Senator Simard: There is no problem with that. I want to come back to my point of order of a moment ago, and I want to move the adjournment of this debate until we have a French version of the amendment. I serve notice that if Liberal senators have more amendments, they should be provided in both French and English.

Senator Hébert: Let Senator Kelly finish his answer.

Senator Kelly: I do not know how well I can answer Senator Molgat's question. I think —

Senator Simard: Did His Honour hear my motion? Put it! Put it!

The Hon. the Speaker: Please do not speak to me like that. Senator Kelly wants to speak on the point of order. Senator Kelly.

Senator Molgat: I would hope the Deputy Leader of the Government would exercise some control over his troops.

Senator Gigantès: No respect for the Speaker I can understand, but no respect for the Whip? You will never get a trip abroad.

Senator Kelly: I will try to answer Senator Molgat's question as well as I can. There is no question there will be some extra costs. There are annual increases in the cost of everything. We have to rely very heavily on the regulatory agency that has been put in place to regulate the pricing of these products coming on to the market. There must be ongoing discussions between the federal administration and the provinces on the distribution of costs. The costs, as I said in my remarks, will be much less than many of the suggestions that have been made, but there will be some costs. I would have to agree that there should be ongoing discussions between the provincial administrations and the federal administration on the distribution of costs because, at the end of the day, we are distributing money that is paid by the taxpayers of Canada, wherever they live. We are just talking about another piece of the puzzle of how federal/provincial relationships resolve their problems. That is about the best I can do, Senator Molgat.

Senator Molgat: Thank you.

Hon. Efstathios William Barootes: Would the honourable senator entertain another question, please?

Senator Hébert: If Senator Simard will allow it.

Senator Barootes: My question relates to Senator Kelly's speech, not to the amendment. Is Senator Kelly aware that the Minister of National Health and Welfare will be convening a meeting of his provincial counterparts tomorrow under his aegis to discuss containment of health care costs in Canada in cooperation with the ministers of health and others from the provinces?

Senator Gigantès: Without lowering drug costs.

Senator Kelly: In answer to Senator Barootes' question, yes, I am now aware of that.

Senator Molgat: Then if I may, following on Senator Barootes' helpful question: Is it not equally true that Mr. Wilson, when questioned in the committee last week specifically on the point as to whether or not he would be prepared to give additional funds to the provinces, replied, "Absolutely no. We did it last time on C-22, and I regret that we did." I am paraphrasing what he said, but those are, essentially, his words.

Senator Kelly: My answer to that question is no, I am not aware of that.

Hon. Philippe Deane Gigantès: I have another question following on the question presented by Senator Barootes. There is a meeting tomorrow, he says, between the Minister of Health and Welfare and his provincial victims to discuss how to contain the rise in health costs.

There are countries in Europe that have signed the Dunkel amendment that are perfectly in accord with all these issues you want to put on us, but which, nevertheless, forced the drug companies to negotiate the introductory price of drugs. Those countries —

Hon. Senators: Question. Question.

Senator Gigantès: I am coming to it. Those countries have a much lower —

• (2140)

The Hon. the Speaker: Order, please. Honourable senators, an amendment has been moved. There was a point of order concerning its admissibility because it was presented only in English. Is it the wish of the house to postpone —

Hon. John Lynch-Staunton (Deputy Leader of the Government): No, Your Honour. I think *Beauchesne's* is clear in this regard, as set out at Citation 552 of *Beauchesne's* 6th Edition. Tradition and practice has it that, with respect to any motion brought before the house:

> (3) Every motion that is duly moved and seconded is placed before the House by the Speaker as a question for the decision of the House. All motions must be presented to the Speaker in writing in either of the two official languages.

This has been the practice since I have been here, whether it be with regard to an inquiry or a motion in amendment. Because of the technical nature of the amendment and the difficulty in understanding it, even in English, it would have been preferable that it be presented in both languages. But there is no rule requiring that it be done in that way. I think that is something most fundamental, which we should continue to respect.

Senator Molgat: It is always preferable, but not always possible.

Senator Lynch-Staunton: Much as the mover was right and proper to present his amendment in one language, Senator Simard is quite right in asking for a translation before he can decide.

Senator Molgat: If he wishes to adjourn the debate on that basis, that is perfectly acceptable.

The Hon. the Speaker: Honourable senators, I was suggesting that the question has been asked and that there has been a point of order raised with respect to it. Is it your pleasure, honourable senators, to postpone the vote on this amendment because of the wish of Senator Simard and, most likely, other senators, to have the amendment in both languages?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, is it also your pleasure to adjourn the debate on this particular amendment?

Hon. Senators: Agreed.

Senator Lynch-Staunton: Do I understand that the amendment is before the house and that the debate has been adjourned, or that the amendment will be presented in both official languages tomorrow? Let us be clear.

Senator Molgat: My understanding is that the amendment has been properly moved and that it is before the house. What happened was that the vote was called. However, I think that by unanimous agreement it was agreed to withdraw that decision. Thus, at this point it is my understanding that there is to be no vote. We are simply back to debate on the amendment which has been adjourned by Senator Simard. Tomorrow, the debate will proceed and the Chair will again call for the "yeas" and "nays" at some stage.

[*Translation*]

Senator Simard: Honourable senators, it is true, as the Deputy Leader of the Government has pointed out to us, that *Beauchesne* and other authorities allow a motion to be tabled in either of the two official languages, but from what I have seen since I have been in this House, both versions are usually tabled. Will this practice be abandoned? The matter should be discussed at a later date, maybe tomorrow. I maintain that, tomorrow or sometime in the future, in this debate or in other debates, if somebody tries to move an amendment in one official language only, I for one will have something to say about it.

Senator Gigantès: Honourable senators, I agree with Senator Simard. He is absolutely right. We should not be discussing this amendment until we have it in both languages, until we have a French version as technically correct as can be written by members of the Senate staff who work in this area. Senator Simard is perfectly right, and so is Senator Corbin. Senator Corbin rose to support Senator Simard. I support him too. For once Senator Simard and I agree. Three cheers for French!

Hon. Eymard Corbin: Honourable senators, on this point of order, I will say what I think. I think some of the remarks made by Senator Simard are just plain hogwash. There have been many precedents where amendments have been put forward in one language only. But I agree with him on one point: he is entitled to a full understanding of the text of the amendments before voting. That is sacred. Before voting, he must have the text in his own language, if he so demands. I would defend that to the bitter end.

Senator Gigantès: Exactly!

Senator Corbin: I would go to the barricades for it, Senator Murray.

I asked the Table officers. As soon as the amendment was tabled by Senator Hébert, the Table undertook to send by fax to concerned translators the unilingual English text which we will get back translated as soon as possible.

On motion of Senator Simard, debate adjourned.

[*English*]

PRAIRIE AGRICULTURE CRISIS

INQUIRY — DEBATE ADJOURNED

Hon. H. A. Olson rose pursuant to notice of Tuesday, September 22, 1992:

> That he will call the attention of the Senate to the emerging prairie agriculture crisis.

He said: Honourable senators, I wish to make some brief comments on the contents of item No. 47 under Inquiries. It has to do with my calling the attention of the Senate to the emerging prairie agriculture crisis.

Yesterday, as most senators will have realized, there was a gathering in Saskatoon, Saskatcewan of 13,000 farmers to try to do something about the agriculture crisis that has been emerging. I think it has reached the stage where it is a full-blown crisis.

The Premier of Saskatchewan was there. He did not have any solutions to the problem, other than to say that he will try to twist the arm of the federal government to bring some more funding to the situation.

The Honourable Mr. Mayer, the Minister of Agriculture for Canada, was also in attendance. He did not give any indication at all that he would even try to get any more funding from the federal treasury to meet this crisis. I realize that the federal government has some very serious financial problems, even without borrowing more money to distribute to the farmers. I think it is a complete disgrace to see that both governments are now more or less turning their backs on these people.

• (2150)

It is not fair to say that there was not something done for those farmers when this crisis began in 1984. I do not think it started merely because the Conservative government was elected. There was another reason. That was the beginning of the longest drought that Western Canada had experienced in this century, affecting the entire grain-growing region through the years 1985, 1986, 1987, being relieved a little in 1988 and striking again in 1989. That is probably the primary reason for all the difficulties.

However, there was another problem which came upon those farmers to cause this financial crisis during and immediately following this long drought. The international grain market collapsed because of certain actions taken by the European Economic Community and the United States, namely, enhanced export subsidies.

The problem is not going away. You may complain that you have been listening to Senators Olson and Barootes saying the same things for years. It is true. However, it is still true, and it gets worse every year. That is the problem. It is tragic that the governments now are not prepared to do something about it.

I will not stand here today and simply plead that you give more money out of the Treasury, since another commitment was made a few days ago of $170 million, an amount that is desperately needed. In fact, three or four times that much is needed. However, we must try to find out whether the government has any imagination, any views, any plans at all to deal with this crisis.

All through the decades until 1984, Canada has recognized that we are a middle-sized nation and we have to make our influence felt upon the superpowers like the United States and, indeed, the super economic power that is now the European Economic Community. Both of those entities have enough financial support so that if one sector like agriculture gets into difficulty and needs a few extra dollars or perhaps a few billion extra dollars, they can pay it. But the farmers in Canada who rely on grain sales for their living are being devastated. The same thing is happening in other grain-exporting countries such as Australia and Argentina. However, there seems to be absolutely no regard by those two superpowers for the devastation they are creating.

It has never happened before that the Canadian government has not even tried to have some influence upon those foreign powers for following policies that are so devastating. We can almost make this exact same speech for the fishing industry on the East Coast, because the same thing is happening there, too. But no, we seem to have completely lost any influence on the foreign powers that are doing great economic damage to our agriculture industry and, as I said, the same goes for the fishing industry.

It is not good enough, in my view, to just say, "We can no longer afford the subsidies because the deficit is so high." I know it is high. I know the debt service charges are high. That is not good enough. We need a commitment from this government to give those people out there some hope. Tell them you will at least try.

It is so simple. What you have to do is stop clicking your heels and saying, "Aye, aye, sir," every time the United States wants something. That is not the way you get attention from these other countries, and particularly the United States.

For example, today the United States imposed another countervail measure on Canadian steel. We heard so much talk here about how wonderful the free trade agreement would be. A few months ago, it was steel rails. Two or three weeks ago, it was Canadian hogs going into that market. Today it is steel. Today is significant, because 19 other countries received exactly the same treatment as Canada. Those other 19 countries do not have a free trade agreement with the United States. Is that what the free trade agreement is worth when the chips are down? Nothing?

I tried to ask the Minister about this grain problem. However, he is not answering questions these days. He says, "I will take some notes and bring you an answer tomorrow." Well, he brought me an answer. He said,

> At present, efforts to find a solution to the problem of export subsidies in the international grain trade, including European and American enhanced export subsidies, are going on within the MTN.

That is the answer received from a minister of the government.

> The solution to this problem is to bring the Uruguay Round of GATT talks to a successful conclusion, which has been an ongoing government priority.

Some priority! These talks have been going on for six years and nothing has happened. It is not hurting the farmers in the United States, and it is certainly not hurting the farmers in Europe.

I went to Geneva and looked up some of the people I have known in the past to try to find out what might happen. I went to FAO. I went to the International Wheat Council in London. This is a desperate situation and it is not getting any better. If they do not withdraw these export subsidies which wreck the international market, things will not get any better.

I do not believe that the taxpayers of this country should sit by while the government digs the deficit out of the federal treasury. That is not the solution. However, we want some response from the government that they will try to do something about the situation in the international market resulting from these export subsidies.

To date, all the government will say is that it is an ongoing government priority. However, they are not even attending the meetings. According to another reply from the minister, there was a two-day meeting on January 10 and 12, and nothing came of it.

The government cannot just say to people that they will deregulate everything and let the market take care of itself. In this little country of Canada, where will we wind up if we let Europe and the United States wreck the market?

I want to be fair to this government, too, because in 1984 and 1985 —

Hon. Lowell Murray (Leader of the Government): They came to an agreement on agricultural subsidies some weeks ago.

Senator Olson: We do not know what it is.

Senator Murray: Of course you do.

Senator Olson: We do not know what it is. We know that the United States has demanded that Europe give them a commitment to withdraw all subsidies in ten years. That is an impossible request. If you are a political leader in Europe, you cannot agree to that. Anyone could tell you that. Europe made some offers. The minister is now attempting to say that the government agreed to a 36 per cent reduction in export subsidies over 5 years, if that is what it agreed to in the Blair House Agreement.

• (2200)

Senator Murray: Do you oppose that agreement?

Senator Olson: I oppose you putting this forward as a solution to the crisis in the grain industry.

Senator Murray: We did not put it forward.

Senator Olson: You did not put it forward, but you are not doing anything about it. You are not acting like good Canadians.

Senator Murray: Are you suggesting that we walk away from the GATT?

Senator Olson: This government would come to attention, click its heels, and say "Aye, Aye!" to the Bush administration. Thank God that relationship has ended. We might have a glimmer of hope with new personalities in the American administration. However, do not hold your breath. There is nothing new about this type of action by the United States.

Senator Murray: So you are against the Blair House Agreement?

Senator Olson: I am against what has happened to the steel industry.

Senator Murray: I thought we were talking about agriculture. Are you for or against the Blair House Agreement? Answer the question.

Senator Olson: Let me make one thing clear: Senator Murray will not be making my speech for me.

Senator Murray: I am trying to help you along and get you focused.

Senator Olson: I invited Senator Murray to respond to a few questions today and yesterday. Then I asked him again this evening to do so. Senator Barootes and Senator Berntson are aware that there was a meeting in Saskatoon yesterday, but I do not think the government is even aware that there is a crisis in the West. The Saskatchewan Wheat Pool called a meeting in Saskatoon and 13,000 farmers showed up. Does that not mean anything to you? Does that not indicate to you that this is a terrible crisis?

I do not want to be controversial about this issue.

Senator Barootes: Just answer the leader's question "yes" or "no".

Senator Olson: Senator Barootes now wants to make my speech.

Senator Murray: He is looking for guidance from you.

Senator Barootes: We need your advice. You are an ex-minister of agriculture.

Senator Olson: I want to give credit where credit is due. From 1984-86, this government passed out a lot of money to the grain sector as a result of a horrible drought. Much of the money came from the Grain Stabilization Fund that was implemented by the Liberals.

The Hon. the Speaker: Honourable senators, Senator Olson's time has expired. Is there unanimous consent to allow Senator Olson to finish?

Hon. Senators: Agreed.

Senator Olson: When this government used up the money that the Liberals had left in that fund, it allocated more money to the fund. Senator Murray will remember that. He bragged that the government had allocated $4 billion to the fund over the next three years in addition to the $2 million allocated while the Liberals were in office. But for heaven's sakes realize that the crisis has not gone away!

Honourable senators, the GATT negotiations should have ended long ago. Seven years have passed, and the international grain market has improved very little. Grain is still selling on the Chicago Board of Trade — which is the price-setting mechanism for the entire world — at about 50 per cent what it was trading at in 1975 dollars. That is tragic.

Senator Murray: And government money is still flowing into agriculture, senator.

Senator Olson: What is the government doing? I know you cannot keep borrowing money and passing it around. Unemployment, fisheries and other sectors need financial help as well. Surely, however, the government can tackle this problem and not just say, "Let the market take care of itself." With the United States and Europe fighting amongst themselves over that market, it is painfully clear that the market will not take care of itself. The government should do something about that problem.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Would the Honourable Senator Olson permit a question?

Senator Barootes: He would not answer the other question, so why should he answer yours?

Senator Molgat: Senator Olson referred to a meeting held in Saskatoon, at which some 13,000 Saskatchewan farmers protested. I understand there was one, or perhaps more than one, federal minister at that meeting. Did he give any reasonable hope for those poor farmers? Did he propose any solutions?

Senator Olson: I was not at the meeting, but I did hear the Honourable Mr. Mayer — who is Minister of Western Economic Diversification and Minister of State for Grains and Oilseeds — on television. During the course of the televised part of his speech, he did not offer one shred of hope that he would do anything about this situation.

Senator Molgat: Nothing at all?

Senator Olson: Absolutely nothing. He simply said there were financial problems.

Senator Barootes: $170 million!

Senator Olson: That was several days ago. Senator Barootes knows that money related to a completely different matter.

To answer your question, Senator Molgat, no hope was offered.

Hon. Dan Hays: Honourable senators, I have been encouraged by Senator Olson to say a few words on this Inquiry. I agree with the description of the situation for cereal and oilseed producers in Western Canada as desperate. Help is needed.

Honourable senators, I want to approach this problem in a slightly different manner. I want to go back in time to when we first experienced drought and a trade war, and a collapse in the grain market. That collapse was largely caused by the trade war, the Export Enhancement Program that Senator Olson referred to, and by increasing European subsidies to grain producers which resulted in surpluses coming on to the market at world clearing prices. That made us uncompetitive.

The government of the day responded to this crisis with two initial payments under a program called the Canadian Special Grains Program — $1 billion and $1.1 billion — and a redesign of crop insurance in our stabilization programs under a program called the Gross Revenue Insurance Program with an add-on, the Net Income Stabilization Account, or NISA.

Those programs were slow in picking up the slack. Interim measures were instituted. Those were called Farm Support Adjustment Measures I and II. They involved payment of premiums on behalf of farmers or actual payments to get into the new programs. The base of the new program, which is a combination of insurance and adjustment, is a 15-year Indexed Moving Average Price, or IMAP, of the cereal or oilseed that the farmer chooses to grow as a qualifying crop under the program.

Of course, with all of the other drought-induced and trade-war induced problems, the 15-year IMAP is not relevant to farmers in Western Canada producing these grains because the price structure is so slow that it will go below the cost of production, whereas prior to that, it had been at or slightly above the cost of production. Therefore it has been a safety net, because commodity prices are so low that the market will not support a higher price.

That is a brief history of what has happened in the agricultural grains sector of the Canadian economy over the past few years. However, the problem still exists, and we must ask ourselves this question: What is wrong? Farmers are still losing money every year, growing these crops and at best breaking even, because that is all they can do. The government of the day is holding on and saying, "It will change."

What do we do? Whatever we have been doing is not working. The crisis is still manifesting itself in many different ways. This is a very difficult time for the people involved in this crises. It is difficult for the economy of Saskatchewan, principally, because it is so dependent on this aspect of agriculture.

I was recently at a meeting where the Saskatchewan Wheat Pool was represented by Mr. Garf Stevenson. It was a political meeting. The leader of my party was there. He asked Mr. Stevenson: "What do you want?" Mr. Stevenson said, "We want the same kind of undertaking that Brian Mulroney gave — that is, that he would stand behind us — only I want you to actually do it."

• (2210)

I am not sure what he meant, but that sums it up. They are desperate for help. They thought they had it promised to them. The government has gone through the series of programs that I mentioned, namely, the redesigning of our support system, yet the problem persists. The problem persists because we have not been pursuing the right solution and we have not been honest with ourselves. If we are honest with ourselves, even though it should not be happening, the subsidies of the United States and the Europeans are not stopping. We are six years into a GATT negotiation and no progress is being made. The sooner we acknowledge that we have to be in this world, the better off we will be and the more likely those mischievous parties will respond to the reality.

We have a couple of choices. We can continue to throw money at this desperate industry, which, in the end, has been what the government has been doing with the Canadian Special Grains Program and the farm support adjustment measures, or we can do a real redesign of the system. There is a precedent, namely, the system of support farmers receive in the United States, that would probably work for us. But we would pay a price, that price being a strict control of acreage seeded to various crops, and so on.

Also, there must be programs that avoid what economists call "morale hazard" in the programs that are in place, that being farming the program instead of making a market decision about what crop you want to grow to maximize your return.

So those are the routes: Throw money at it or redesign the program. It could be refined and improved upon. The Americans provide an example of one way that it would work. The difficulty is that we are not doing any of these things. Senator Murray will probably ask me which one I would pick, and I will try to answer that if he asks.

The point is that we are not choosing. We are not making the hard decision. We are not being honest with ourselves or those farmers who are gradually going out of business in the most awful way — the prolonged way. It is a torturous, stressful process of years and years of hope. The GATT negotiation could save us, yet it does not materialize. These programs are only half measures, because they just keep the farmers in business for another year and another year.

The Saskatchewan Wheat Pool has suggested a program called CGAP, Canadian Grains Adjustment Program, which goes one big step towards aiding farmers. I have only read it briefly, but the Food Security Act, which is revised only every five years in the U.S., is a five-year plan for agriculture.

The time has come, honourable senators, for all of us — and it is the government that must provide leadership here — to be honest with ourselves and our constituents, and to do a genuine redesign of programs that will work. It does not necessarily have to be an exact copy of that of the U.S., but there is a program with much higher environmental dividends, and so on, which produces better results than our programs do. Or, if taxpayers will bear the costs, we must give an adequate amount of dollar support to our farmers through the existing programs.

One of those two solutions is called for. To abandon the farmers and throw up our hands and say, "You are on your own. Good-bye", is not in the cards.

I should like to support Senator Olson's cry of distress on behalf of his region and the prairie provinces and on behalf of Canadian agriculture. I urge the government to follow some of the suggestions he has made and the suggestion I am trying to make here, namely, to be honest with ourselves and come forward with a program that will really work, because what we are doing is not working. You need do no more than read StatsCan or any statistics to see that every cereal, grain or oilseed farm in Western Canada is either just breaking even or is losing money — and most of them are losing money.

Senator Murray: Honourable senators, I appreciate the interesting points that Senator Hays has made. I agree that there is much food for thought in some of the suggestions he has made; food for thought for continuing debate on this important subject.

He made reference to the pledge of Prime Minister Mulroney that this government would stand behind the farmers and he seemed to question whether we had honoured that pledge. It is important, therefore, to place on the record the fact that since 1985 this government has—

Senator Olson: What about what you have done lately? The money that they passed out in 1985 has been spent already.

Senator Murray: Just give me a chance, Senator Olson.

Since 1985 this government has spent some $28 billion on the agrifood sector; and in 1991 alone the federal government announced $1.4 billion of third-line assistance to farmers on

top of new generation safety nets — that is GRIP and NISA — which delivered about $2 billion in direct assistance to farmers.

With regard to Saskatchewan, I want to fill in some of the blanks that were left on the record by the speech delivered earlier by Senator Olson.

I should tell honourable senators that the federal government has announced an initiative with the province of Saskatchewan that would increase 1993 farm income in that province by $170 million. This package includes $80 million, to add a quality feature to the 1993 crop insurance, which would cover the 1992 crop.

As part of the agreement announced the other day, the federal government and the province of Saskatchewan will work with producers to change GRIP. In addition, 1992 GRIP payments will be accelerated so the final payments could be made in 1993. This would add $90 million to Saskatchewan's 1993 farm income.

Over the last few years the federal government has provided significant assistance to Saskatchewan farmers. From 1985-86 to 1990-91, the federal government provided $17 billion in direct payments to agriculture. That is an annual average of $14,000 for every farm in Canada at a cost to each taxpayer of $150. Of that total, $6.6 billion went to Saskatchewan farmers. That is an annual average of $21,000 per farm. Much of that was paid in the form of ad hoc support payments to overcome problems such as drought, as Senator Olson pointed out, and the effects of the international grain subsidy war. It is only fair to point out that this unprecedented level of support came through at a time when governments were increasingly faced with fiscal constraints.

Honourable senators, nothing I have just said is for a moment meant to minimize the severity of the problems the farmers face; nor is anything I have said in any way intended to minimize the important policy questions that are before governments — that is, this government and provincial governments — concerning agriculture and the future of agriculture.

• (2220)

I thought it important, in view of the inquiry raised by Senator Olson, and some of the comments that he and our colleague, Senator Hays, have made, to place those facts before you so that tonight's record may be complete.

On motion of Senator Molgat, debate adjourned.

GENERAL AGREEMENT ON TARIFFS AND TRADE

PROGRESS OF URUGUAY ROUND—INQUIRY—DEBATE ADJOURNED

Hon. H.A. Olson, rose pursuant to notice of September 24, 1992:

> That he will call the attention of the Senate to the progress of the Uruguay Round of GATT negotiations that are currently under way in Geneva.

He said: Honourable senators, for the benefit of those people reading *Hansard*, I gave notice on September 24 that I would call the attention of the Senate to the progress of the Uruguay Round of GATT negotiations that are, I said, "currently under way in Geneva". Well, they were under way at that time. They have met a couple of times since and tried to reach an agreement. I am not disputing that something happened in Washington earlier in January, according to one answer I got from the government. In fact, the answer reads:

> The United States and the E.C. overcame most of their differences in the agriculture area in November, 1992. They agreed to modifications to the Draft Final Act (DFA) which accommodate their positions. The text of their agreement is referred to as the Blair House Agreement.

I question whether they will withdraw their export enhancement subsidies as a result of this Blair House Agreement. I am not an expert on this, but as I pointed out in the question I asked of the Leader of the Government yesterday:

> ...there have been some disturbing reports in the press to the effect that some officials —

— that is, Canadian officials, and maybe other officials at the GATT negotiations —

> — are indicating that the Government of Canada has changed its mind a little, and has lost most of the support that it previously had from other countries with respect to Article XI.

Article XI is the one that has saved most of the agriculture industry in Canada that is healthy today: the poultry industry, the dairy industry and others that have some orderly marketing.

When I gave notice of that inquiry in September, I had just returned from Geneva where I met with some people whom I have known for many years and who are still involved in the GATT. I cannot specify any particular reason, but I came away from those meetings feeling a little better. There seemed to be at least some hope that the protagonists at that meeting, namely the senior officials of Europe and the senior officials of the United States, would try to modify their views. They had finally come to realize that this business of seeing who has the deepest pockets and who can stand these $30-billion subsidies to agriculture the longest was not working. It had gone on for almost six years and they were still wrecking the international market.

There were two or three other reasons why I came away feeling better. Some of the personalities had changed. There was a man from the United States by the name of Mr. Yeuter. He was the chief negotiator for a while, and he was the Secretary of Agriculture in the United States for a while.

One of the things that one learns from being around the political scene over the years is that there are some people in the government of the United States who are good and nice people, but they believe that the United States is big enough and powerful enough that what the United States wants, the

United States gets, no matter what devastation it causes for countries like Canada, Australia or Argentina. There is nothing new about that. Recently some have been more severe in practising that point of view, but it has happened before.

I remember that when I was Minister of Agriculture it did not matter what agreements we had about the shipping of certain commodities both ways, if someone in the United States felt that there was a little depression in the beef or pork prices, they would go to great lengths to correct it. I remember one time, and perhaps Senator Molgat will remember this too, they said we had a disease in our cattle in Manitoba called "blue tongue". There is a fancy name for it which I have forgotten. They said we had blue tongue and they stopped the shipments of beef from Canada to the United States from that area.

I do not know how many Manitobans had blue tongue, but we could not find any beef cattle with it anywhere. They succeeded in shutting off all the Canadian shipments for about six weeks while an investigation was conducted. That is not the only such case. If anyone is surprised to learn that the United States acts in this way, they should read some history.

I should not be surprised by their announcement regarding the steel industry yesterday because it is consistent with what they have done before. We even have an agreement that they will not do this. Perhaps I should back up on that statement. The United States did not agree, as I understand it, to set aside any of their trade laws that lead to imposing countervail measures if they think that any country is shipping anything into the United States that might qualify as dumping, selling it below the price there, so perhaps we should not be surprised. They did not even agree that they would stop doing it, and they did it.

Is this any way for Canada to act? They say the market will take care of it. Well, the market does not take care of it.

To get back to what is happening, or in fact what is not happening in Geneva under the GATT, there is absolutely no indication that there will be any improvement with respect to those negotiations so that Europe and the United States can get together.

The change in government in the United States is probably a hopeful sign because, surely, different negotiators will be appointed. Mr. McSherry, who was the leader of the European trade negotiations, has either been replaced or he retired. He made up his mind that the United States would not drive Europe out of the international grain market, try as they might with their export subsidies. If the United States put them on, Europe would also put them on, and they did, and they drove the price down to where it is today.

• (2230)

What the government can point to in that scenario that is hopeful, I would like to see. I have looked this over. The change of personalities is probably the only hopeful sign. There has been no action. What is Canada doing about it? They do not even tell the poor people of this country, who are feeling this devastation, what they are trying to do about it. That is unfortunate, because they could be doing something.

I know one thing: I can guarantee you that if you keep on standing up to the U.S. with a salute and an "Aye, aye, we support you", even before they have asked the question, you will never get anywhere. They don't care about us. They are politicians and they look after what they regard as their local interests. That may be a habit of politicians around the world, but to think that, in respect of this free trade agreement or anything else, the United States will be benevolent to Canada is foolish, silly thinking. It has never been that way and it will not be now.

In fact, they are about to do worse to us now. It looks as though Article XI will go ahead. Several of the replies I have received from the minister indicate as much. In fact, I can read you one now. It says:

> The government remains committed to the balanced Canadian negotiating position, which calls for stricter disciplines on export subsidies and stronger trade rules including the clarification of Article XI.

To put it bluntly, I do not believe it. The government can say what it likes, but that is not what is coming out of Geneva today. They are saying that Canada is modifying its position. The government says they remain committed to a balanced position, but some of the officials are saying that we are weakening. We will not be able to save the few agricultural trading practices that have been useful in this country. What kind of devastation would occur if we threw out all the milk marketing programs? That is what Article XI stands for. What will happen to eggs and broilers if we throw that out? The time has come for some sincere answers to these questions. The situation is not getting any better; the talks have been going on for six years now, and we still have the same kind of troubles.

The Hon. the Speaker: Honourable senators, the honourable senator's time is up.

Hon. Lowell Murray (Leader of the Government): The hour is late, honourable senators, but it is not too late for Senator Olson to wake up. Let me simply observe that he has made a 15 minute speech —

Senator Olson: That is brief, isn't it?

Senator Murray: — deploring the progress, or lack thereof, in the GATT negotiations without once ever taking account of the fact and that from September to November the United States was involved in a presidential election and a congressional election, and that from November to January they were in a period of transition between two administrations. During that period, a real effort was made by the negotiating team of the United States and negotiators of other

countries to try to reach an agreement before the administration left office. This was not possible. The reason —

Senator Olson: Recognize the real world; they are not Canadian.

Hon. Lowell Murray (Leader of the Government): My friend made a 15-minute speech without even taking account of that fact. The reason they could not reach agreement was not the agricultural file, as a matter fact. As the honourable senator pointed out, or as I reminded him in an earlier debate, the Americans and the Europeans have settled most of their problems on the agricultural file and they did so with this Blair House agreement, on which the honourable senator finds it so difficult to make up his mind. The problem that seemed to stymie the Americans and Europeans during the transition related to barriers on industrial goods.

I have to tell the honourable senator, who is looking for some hope, that the only hope is that now they are working against a real deadline, and the deadline is the expiry of the so-called fast-track authority that Congress has given to the administration, and which runs out in early March. Given the political configuration of the new Congress, the administration might be quite hard pressed to get a renewal of that fast track. Therefore, there is a deadline. I will not say that they will be negotiating with a gun held to their own heads, or anything so colourful, especially at this time of night, but I think we can look forward into the next week or so with some guarded optimism.

Senator Olson: After six years, we should have some kind of hope.

Hon. Dan Hays: Honourable senators, I do not want to restrict the Leader of the Government's right to reply to me, if that is his intention. In any event, I want to say a few things on this inquiry as well, in support of Senator Olson's attack on the government, if you will.

First of all, I am in support of the government's consistent response to those, including Senator Olson, who say that the government is not really trying to defend our supply managed system which arises out of Article XI. Further clarification of Article XI is required by the new GATT agreement, because there is a GATT panel ruling that says that certain products, of which supply-managed commodities are a component part — namely ice cream and yogurt — are not subject to the import restriction that Article XI allows Canada to impose on imports.

I have had the same doubts that were expressed by Senator Olson, but I have concluded in my own mind that there is a political will on the part of Mr. Blais, the eastern provincial ministers of agriculture and some others, who must be talked to constantly by people such as the Premier of Nova Scotia, where there is a huge reliance in their agricultural sector — over half, I believe — on the supply-managed sector, and in Quebec as well. There is an ear and a political will to keep saying, "Yes, we do support Article XI and a clarification of Article XI." I doubt whether that carries on into the bureaucracy, however, and I do not think it is broadly supported by all those in cabinet. I guess that is why there is ambiguity on the part of some as to whether or not Canada really means what it says.

One of the most disturbing things is the lack of visible effort on the part of Canada to gain allies for its position. In fact, all Canada has done is bemoan the loss of allies such as Japan. I think Korea is still on board and some others.

Senator Bosa: Ireland.

Senator Hays: Ireland is part of the EC, and they are not really friendly to us in the negotiations because of our problems on the other side. I encourage the government to stick to its guns. I have told you about my doubts but, on balance, I have to take the government at its word because it has been consistent. I hope they mean what they say, and I hope work is being done to preserve Article XI and clarify it.

• (2240)

I listened to Senator Olson's speech, and his mention of progress on the Uruguay Round was clearly motivated by his buoyant mood when he came back from his trip to Geneva. I do not know what happened there, but he felt good about it. It might well have been that lack of progress would have been a more appropriate description of what we should be talking about on January 27, 1993, because that is what we are talking about.

Having talked about the supply-managed side, which is very important, someone asked what would happen if we lost it. I will tell honourable senators what would happen. I do not have the exact numbers in front of me. However, from my recollection of Statistics Canada or Farm Credit Corporation statistics on the value of farm assets, we currently value quota at $6 billion. That is the right to produce certain commodities that are governed by supply management on the balance sheet of Canadian farms.

If we did not have Article XI, I am of the opinion that that $6 billion of value would disappear almost the next day, but certainly within a year. Why? We could not maintain the orderly marketing system as structured under supply management because a component part of it is surplus removal, which is funded by a check-off or levy that producers and consumers pay in part. That would very quickly collapse in a situation where we had an open border, even though we had a very high tariff wall behind which to produce the commodities.

That $6 billion would go. The government would be pressed. The people who are in the industry would be up in arms saying, "Please pay us the $6 billion. We have gone to the bank, we have borrowed money on it. It is on our statements and it has disappeared."

Even more serious than that, the same statistics used by the Farm Credit Corporation or Statistics Canada show that the value of improvements on Canadian farms is approximate-

ly $75 billion, and roughly a third of that amount is dedicated to production of supply-managed commodities. There is another $20 billion of value in farm improvements, quite some considerable part of which would have no further use.

Most of these commodities are produced in intensive-production situations. They are capital assets dedicated to production of broilers, eggs, turkeys, and industrial or table milk. If we are not producing those commodities, they are no longer useful. They do not have a ready alternative use.

There is another significant factor that should be borne in mind. The product that we would consume would most likely come from the United States. We have nurtured small units to permit the diversification of agriculture. Even though there is a dynamic for them to grow larger, we have encouraged small units that are located in places that do not make a lot of sense in the strictly market dynamic, whereas the United States has moved to integration of huge organizations which produce, supply the feed stuffs for, and market and retail, in many cases, the commodity produced.

While we are very efficient producers, because our systems all encourage efficiency, we do not have this industrialization of production that the United States does where it is concentrated in large, well-known corporate entities that control the whole thing. We would not have a chance, unless in going out of supply management we were very smart and funded some type of system to allow us to aggregate the current producers near centres of market with integrated food processing and retailing. We would not have a chance, nor would we break into the U.S. market, even behind a high tariff wall.

A $25 billion, $15 billion or even a $10 billion diminution of the balance sheet on Canadian farms within a one-year period is what I believe would happen if we lost Article XI, even if we were operating behind a tariff wall. The government does not want to countenance that and, thus, the political support for it. Economists and supply-side ideologues, who seem to populate a lot of our bureaucracy — not all of it, I do not want to be unfair to them — do not necessarily see it that way. Therefore, we have this conflict and this doubt that Senator Olson expressed, and which Senator Murray says is misplaced.

If we lost the grains and oilseeds side, going back to this meeting with Saskpool, the 36 per cent reduction over five years on subsidies to European grain producers will not solve the problem. The Americans, I assume, are matching that. That will not solve the problem, either. I am convinced that the political dynamic of the United States, with the administration and the Congress as distinct and separate parts of their governing process as they are, leaves ample room for them to continue to subsidize in ways that we cannot even imagine, or to continue to have marketing orders.

I have gone on long enough. However, I would like to reinforce Senator Olson's distress over where we are at with the GATT negotiation. I hope I am correct that the government really means what it states is its position on Article XI and its clarification. I do not think there is anything wrong, as some newspaper writers seem to think, with pursuing what is in the best interests of Canada as a balanced position, which is what the government states. Columnists state that, if you pursue a market for this then you have to do exactly the same there. I do not agree. I think everyone in the world does what is best for them. There are many successful industrial countries that are examples of saying one thing and doing the other successfully. I do not see any problem. I do not see any difference or any conflict in the Canadian position.

I urge the government to pursue that position. We are well into the sixth or seventh year of the negotiation, however optimistically Senator Murray's explanation to Senator Olson is of why this has been sidetracked with the United States in a new administration. I do not know what the new trade representative will come forward with. I guess none of us do. The extension of the fast track, if there is some hope of an agreement, is not a bad chance. That could well be in the cards. I do not see these parties agreeing by early March, although who knows. This has been a very unpredictable process so far, in terms of being on the threshold of an agreement and then having it disappear the next day.

Those are my views. The situation is serious. I think Canada is on the right track. I hope the government is pursuing things in the same fashion as is the United States. I do not trust anyone. We had better look after ourselves. Tying our a wagon to either the Americans or the Europeans will not solve this problem. We have to look after Canada carefully. We have to analyze what is best for us to do for ourselves in the world we find ourselves in, and get on with it.

Senator Murray: Could I ask Senator Olson for an assurance that, when he sends out thousands of copies of his speech to all his friends in Medicine Hat and throughout the west, he will include my remarks and those of Senator Hays?

Senator Olson: I did not quite understand the question.

Senator Murray: When he sends out his householder containing his speech, I am asking whether Senator Hays and I can count on having our speeches included in the mailing?

Senator Olson: I would like the Leader of the Government to know that I always send out a balanced representation. I send out the entire *Debates of the Senate*. I have almost used up my entire discretionary budget in sending them out, but I think I have enough left to send this one out, too, and I will.

• (2250)

On motion of Senator Molgat, debate adjourned.

The Senate adjourned until tomorrow at 2:00 p.m.

THE SENATE

Thursday, January 28, 1993

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): The clock is ticking. The blood of the Canadian people is still under the fingernails of those who are clinging to power — and it is now 71 days of clinging desperately to power. By the end of the week, it will be 72 days that this government has stayed past its welcome and, by its own definition, has held democracy in contempt.

THE SENATE

CURTAILMENT OF QUESTION PERIOD

Hon. H.A. Olson: I want to make a brief statement about Question Period in view of what has happened during the last two or three sittings. We have obviously entered a new era in which, during Question Period, we will no longer receive answers to our questions on the same day.

The day before yesterday, at the beginning of the sitting, the Leader of the Government gave notice that, in spite of the fact that he was present, he would just take all questions as notice. Then yesterday he was not here during Question Period, and I asked for a little consideration to have Question Period later, when we had all kinds of time for it, and I was turned down.

If that is the new regime that we will be working under, we must adjust so that we can carry out our responsibilities to the people of Canada — that is, if you accept, as I do, that we have some responsibilities. All I will say is that I would really like to know, and soon, whether this will be the new regime. If it is, there are a number of ingenious ways that can be employed to make sure that the people of Canada are served properly in spite of the government's attempt to muzzle this institution, or thumb their noses at it.

NATIONAL KAZOO DAY

Hon. John Sylvain: Honourable senators, I should like to bring to the attention of this chamber the fact that this is National Kazoo Day in the United States. Although it is an American observance, I thought some of the members opposite might want to mark it appropriately.

ROUTINE PROCEEDINGS

THE ENERGY EMISSIONS CRISIS: A VIABLE ALTERNATIVE

CONSIDERATION OF REPORT OF STANDING SENATE COMMITTEE ON ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES — DEBATE ADJOURNED

Hon. Dan Hays, Chairman of the Standing Senate Committee on Energy, the Environment, and Natural Resources, tabled the eighth report of the committee.

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

Senator Hays: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*g*), I would ask permission to say a few words at this time.

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

Hon. Senators: Agreed.

Senator Hays: Honourable senators, I will try to be brief because of concern about the practice of sneaking in speeches at this stage. However, let me say that it gives me great pleasure as Chairman to table the eighth report of the Standing Senate Committee on Energy, the Environment and National Resources. This time our study has focused on market–based solutions to air quality and climate–change problems created by energy use and production.

In February 1992, the committee accepted a reference from the Senate and held hearings on a most difficult policy challenge: How do we as Canadians control the emissions of energy–related pollutants into the atmosphere without imposing costs which will damage our industrial competitiveness?

The problem is particularly vexing in Canada because our economy relies heavily on energy for both domestic consumption and export. We value our clean soil and water, but we also value the significant competitive edge we get from our abundant and relatively cheap energy.

Traditionally, the prices we pay for products derived from energy have omitted the cost of environmental degradation. This is only partly because placing a value on the damage is

often very difficult. For the most part, we avoid the price of pollution because we have treated the atmosphere as a freely available trash bin for our society's wastes. It is not surprising that this common resource has been heavily abused.

Society needs to make the external or social costs of environmental damage obvious in pricing products and services so we as consumers will be motivated to make choices that result in less damage to the environment. That is what we mean by a market–based approach to environmental protection.

The question then becomes: How can we achieve environmental protection in the most affordable way possible? Other countries have found that they can achieve their environmental objectives by using market incentives along with government established regulations. In European countries such as Finland, the Netherlands, Norway and Sweden this combination has taken the form of a carbon tax which imposes a direct charge on the use of hydrocarbons. If the charge is high enough, demand is discouraged and reduced. Such a tax would be a powerful instrument for responding to the threat, for instance, of global climate change.

The European Community as a whole is currently considering the implementation of a carbon tax. Countries in Eastern Europe are also showing an interest in using economic instruments to halt further environmental damage and, as well, to raise money to clean up the pollution of the past.

Closer to home, the United States has taken a different, more quantity–based approach. There, use has been made of tradable emission permits. This allows an emitter facing high costs for pollution control to pay for reductions by trading with an emitter that has lower pollution control costs, so that an overall cap on emissions is met. Harnessing market forces in this way has the effect, over time, of reducing the cost to industry and of achieving clean air objectives. Most recently, an ambitious scheme has been launched under the provisions of the U.S. Clean Air Act to allow trading in sulphur emission allowances.

Progress on these issues has been considerably slower in Canada. Governments have made a number of commitments to achieve an improved environment, but have not spelled out in any detail how they will make good on these commitments. A discussion paper on economic instruments has been released as part of the Green Plan initiative, and working groups have been struck to deal with the design issue; yet up to now, no action plan has been implemented.

The Senate committee felt it was appropriate for the Parliament of Canada to become involved in the current discussion concerning economic instruments. Last fall, the committee organized a series of hearings with government officials and ministers. We also hosted a round–table session which brought together a cross–section of producers and users of energy as well as environmental groups to debate the validity of this new market–based approach.

The committee study and the report which draws on the testimony received attempt to satisfy four basic objectives: To further the debate on the use of market–based measures through the convening of the round-table; to accelerate the decision–making process by recommending possible next steps; to bring to the government's attention a number of important principles that can serve to guide future policy making in this area; and to simplify the issues to the extent that is possible to involve a wider audience in the discussion of this important issue.

The last objective is particularly important since the cost of environmental protection always flows back to the consumer, in one way or another.

In the time remaining, I should like to focus on several important guiding principles which emerged from the committee's round-table and which we wish to bring to the attention of the government. These principles are the subject of the committee's first recommendation. The remaining recommendations are highlighted in the executive summary of the report as well as in the report itself.

First, environmental costs must be reflected in prices, and this goal must be accomplished in the most economically efficient way possible. Canada's strength in energy and its needs to maintain international competitiveness behooves us to use environmental initiatives that are economically efficient while at the same time environmentally effective.

Second, we sometimes send out the wrong market signal to consumers — for example, by subsidizing some forms of energy use over others. Keeping prices lower than would otherwise be the case causes opportunities for energy efficiency and cleaner alternative energy to be lost. These subsidies must be transparent and either justified or eliminated so that market–based measures can work as intended.

• (1410)

Third, the use of market–based measures requires a considerable amount of public education and support. Without the public's acceptance of the market approach, these initiatives will fail. It is our hope that this report will help in this regard.

Fourth, economic instruments must reconcile the need felt by investors and firms to have stability and certainty in their application with the need for a continuing and increasing incentive to change society's consumption patterns.

Fifth, the use of economic instruments must be guided by the desire to achieve revenue neutrality. They must not become, for example, a tax grab by the government. If they do, they will surely fail to gain public support.

Finally, action on global problems must be dealt with in some global forum. Perhaps this can be done under a

restructured GATT, or a possible successor organization such as the proposed Multilateral Trade Organization.

To conclude, I would like to thank the witnesses who participated in our deliberations, as well as all honourable senators who took part in the committee's work, and the committee's support staff. I sincerely hope that our work will help advance discussions on what is, for all Canadians, an extremely important and, I believe, urgent policy challenge.

Some Hon. Senators: Hear, hear!

On motion of Senator Molgat, debate adjourned.

CANADA–UNITED STATES FREE TRADE AGREEMENT

CONSEQUENCES TO CANADA — NOTICE OF INQUIRY

Hon. H.A. Olson: Honourable senators, I give notice that on Tuesday next, February 2, 1993, I will call the attention of the Senate to the unfortunate consequences of the Canada–United States Free Trade Agreement.

NORTH AMERICAN FREE TRADE AGREEMENT

POTENTIAL CONSEQUENCES TO CANADA — NOTICE OF INQUIRY

Hon. H.A. Olson: Honourable senators, I give notice that on Tuesday next, February 2, 1993, I will call the attention of the Senate to the potential consequences of the North American Free Trade Agreement.

[*Translation*]

PATENT ACT AMENDMENT BILL, 1992

PRESENTATION OF PETITIONS

Hon. Mario Beaulieu: Honourable senators, I have the honour to present a petition signed by 204 researchers working at Sherbrooke University, Dalhousie University and Memorial University, St. John's, Newfoundland, who are in favour of Bill C–91.

[*English*]

QUESTION PERIOD

THE SENATE

CURTAILMENT OF QUESTION PERIOD — GOVERNMENT POSITION

Hon. H.A. Olson: Honourable senators, since the Leader of the Government in the Senate is not with us today, there is not much point in asking questions. Perhaps the Deputy Leader of the Government could tell us if there will be any viable Question Period in the future?

Honourable senators, I am not speaking only of today. I understand the Leader of the Government has important cabinet meetings to attend. However, we were treated to quite a performance two days ago when the Leader of the Government was in this chamber and refused to answer questions. He even gave notice that he would not answer questions. That is nothing more than unforgivable arrogance.

Can the House Leader tell us what we can expect in the future in this regard?

Hon. John Lynch–Staunton (Deputy Leader of the Government): Honourable senators, Senator Murray has been extremely generous —

Senator Stewart: He is doing his job.

Senator Frith: How about trying "generous", not "extremely generous."

Senator Lynch–Staunton: — in his practice of receiving and answering questions on the same day they are asked. In fact, if you look back on the record you will find that Leaders of the Government in the Senate, more often than not, took the questions as notice.

It so happened that one day this week he was not prepared, for very valid reasons, to answer questions on the same day, as he usually does or as might normally be expected.

Today and yesterday, his time has been taken up, as Senator Olson mentioned, by important cabinet meetings. I fully expect that next week when we resume our sessions and return here, he will once again be available for his usual courteous, generous, and very open answering of questions.

Senator Barootes: You could put them in writing.

Senator Frith: And we can expect more hyperbole from the Deputy Leader of the Government on that question.

FEDERAL–PROVINCIAL RELATIONS

POTENTIAL LOSS OF FEDERAL TRANSFER PAYMENTS TO PROVINCES — GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I am sorry that the Leader of the Government is not here, but perhaps my colleague, the Deputy Leader of the Government, would take this question as notice and obtain for me the pertinent information, since this is a matter of great concern to all of the have–not provinces.

Apparently, the federal government has decided to change the method of calculating provincial populations between census years, which will have the consequence of substan-

tially reducing the federal contribution to provincial governments.

I have here an article clipped from the Winnipeg *Free Press*. The headline is: "New population calculation to empty Manitoba coffers." It states:

> The federal government is considering a plan that would cut more than $400 million in transfer payments from have–not provinces and reduce its own deficit by more than $268 million.

Can the Deputy Leader of the Government find out for us what is the basis of the new calculation? When was that change decided upon, and when were the provinces so informed? I understand that Manitoba only heard about this matter last Friday. I should like to have whatever information the deputy leader can provide. As he can appreciate, from the standpoint of the smaller provinces this is a critical element.

Hon. John Lynch–Staunton (Deputy Leader of the Government): Honourable senators, I will certainly do all I can to obtain whatever information is available on the matter that Senator Molgat has raised.

PRINCE EDWARD ISLAND

FIXED LINK — ENVIRONMENTAL AND FISHERIES CONCERNS — GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, I should like to direct a question to the deputy leader, with the request that he not answer today, but take my question as notice.

Senator Olson: Let him answer it if he can.

Senator Bonnell: No, I do not think he will answer it. I do not want to have him saying something with which someone else will disagree, because this question is important.

In order to build a fixed link between New Brunswick and Prince Edward Island, is the Government of Canada anticipating bringing before Parliament a bill to allow it to contaminate the seabed and destroy the fisheries, if necessary, in order to accomplish that fixed link?

Senator Barootes: Now we know that you are against a fixed link!

Senator Bonnell: I need to know if a bill will be presented to Parliament so that the federal government will not be held up halfway through the construction by people suing for this and that, and saying that the government does not have the authority to carry out the work on that fixed link. Will there be a bill before Parliament to ensure that the construction of that fixed link — if and when it does start — can go straight forward?

Hon. John Lynch–Staunton (Deputy Leader of the Government): I will happily follow my honourable friend's advice and not answer today.

• (1420)

CANADA–UNITED STATES FREE TRADE AGREEMENT

U.S. HARASSMENT OF CANADIAN EXPORTS — GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, perhaps I might ask another question, to which I expect a reply later. It is regarding the U.S. harassment of Canadian exports. The day before yesterday it was hogs; yesterday it was steel. Could we get a full report from the minister on the Canadian position, particularly in the case of hogs. This is the third or fourth time this case has been through the various cycles. Canada has won each time, but the U.S. government is back at it again engaging in what can only be described as harassment of Canadian exports.

Hon. John Lynch–Staunton (Deputy Leader of the Government): I will certainly draw the question to the minister's attention.

Senator Olson: You might have the answer in the book there.

Senator Lynch–Staunton: This book is for delayed answers. That is the limit of my responsibilities. I am not very good at actual answers.

EXTERNAL RELATIONS

HARASSMENT OF QUEBEC TOURISTS IN FLORIDA, U.S.A.

Hon. Lorne M. Bonnell: Honourable senators, while the deputy leader is inquiring about hogs and other things with which the Americans are finding fault, would he also obtain some kind of answer from the Government of Canada — or even from the President of the United States — as to why they are harassing our French colleagues from Quebec who are visiting in Florida? Apparently they are criticising them for being overweight and drinking beer.

Some Hon. Senators: Oh, oh!

Senator Bonnell: If they want us to go down there to spend our holidays, that is not very good publicity for Canadian tourists to go there and spend their money.

Senator Simard: Are you in favour of censoring the U.S. press?

DELAYED ANSWER TO ORAL QUESTION

Hon. John Lynch–Staunton (Deputy Leader of the Government): Honourable senators, I have the answer to a

question asked on January 26 last by Senator Olson regarding the effect of U.S. trade laws on Canadian pork exports.

CANADA–UNITED STATES FREE TRADE AGREEMENT

EFFECT OF U.S. TRADE LAWS ON CANADIAN PORK EXPORTS — GOVERNMENT POSITION

(Response to question raised by Hon. H.A. Olson on January 26, 1993)

The Government of Canada is very disappointed by the United States' decision to request an Extraordinary Challenge Committee to review the October 30, 1992 ruling by a panel established under the Canada–U.S. Free Trade Agreement (FTA), dealing with the dispute over live swine.

Article 1904 of the FTA allows for an extraordinary challenge under strictly prescribed circumstances. In Canada's view, there are no grounds for an extraordinary challenge in this case. Together with the Canadian Pork Council and the provinces, the government presented a strong case to the panel, and is confident that Canada's position will be upheld.

As was the case with the only previous extraordinary challenge, which was decided in Canada's favour on June 14, 1991, the government will be working closely with the provinces and the producers to develop and present a strong Canadian response to the Committee.

The Committee must be established by February 8, 1993 and a decision should typically be rendered 30 days from this date.

ORDERS OF THE DAY

PATENT ACT AMENDMENT BILL, 1992

THIRD READING — DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Beaulieu, seconded by the Honourable Senator Teed, for the third reading of Bill C–91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters,

And on the motion in amendment of the Honourable Senator Hébert, seconded by the Honourable Senator Gigantès, that Bill C–91 be not now read a third time, but that Clause 4 of the Bill be amended by adding, immediately after line 40 on page 3, the following:

55.3(1) It is not an infringement of a patent for any person to use the invention for which the patent is obtained for the purpose of producing a specific article for export to a country that the Minister has certified by notice published in the *Canada Gazette* to be a country that grants patent protection substantially equal to that granted by this Act, if

(a) any patent rights granted in that country for the same invention have expired prior to the use;

(b) the person gives notice of the use, in the prescribed manner and within the prescribed period, to the patentee, the Minister and, where the invention pertains to a medicine within the meaning of subsection 79(2), the Minister of National Health and Welfare;

(c) any article produced by the use is exported to that country within the prescribed period after it is produced; and

(d) the person complies with such other conditions as are prescribed.

(2) It is not an infringement of a patent for any person to sell any article that is produced by the use of an invention in accordance with subsection (1) to a purchaser in a country that the Minister has certified by notice published in the *Canada Gazette* to be a country that grants patent protection substantially equal to that granted by this Act, if

(a) any patent rights granted in that country for the same invention have expired prior to the sale;

(b) the person gives notice of the sale, in the prescribed manner and within the prescribed period, to the patentee, the Minister and, where the article is intended or capable of being used for medicine or for the preparation or production of medicine, the Minister of National Health and Welfare;

(c) the article is sold for use or consumption in that country and is exported to that country within the prescribed period after it is produced; and

(d) the person complies with such other conditions as are prescribed.

Hon. James F. Kelleher: Honourable senators, I would like to respond to the remarks made yesterday by our colleague Senator Gigantès, when he addressed the concern and problem of exporting drugs from Canada to a country where the patent has expired.

Senator Gigantès: You are confusing me with someone else, sir. I never said a word on that subject. I know I look fairly ordinary and can be mistaken for others —

Senator Frith: Judy Erola's speechwriters just made a mistake.

Senator Gigantès: Is this Judy Erola, trying to spite me?

Senator Kelleher: You are absolutely right, and I apologize.

Senator Gigantès: That is kind of you. I will let Judy Erola know that she must be more careful about such matters.

Senator Kelleher: Colleagues, it was Senator Hébert. I trust Senator Hébert will also forgive me for confusing him with Senator Gigantès.

Senator Gigantès: Mind you, I find it flattering for me.

Senator Hébert: What is he talking about?

Senator Kelleher: Now that I am through with my apologies, I will continue, if I may.

Senator Molgat: Is the balance of the speech as accurate as the beginning?

Senator Kelleher: You win some, you lose some.

It is false to say that Bill C–91 discriminates against exports by the generic industry in Canada. In fact, under Bill C–91 the pharmaceutical sector is not treated differently from any other technology sector. No other industrialized country allows patent holders to manufacture and export a product while the patent is still valid. In the U.S., Europe and Japan, market exclusivity for drug products can be extended up to five years beyond the normal patent expiry date. Consequently, while the actual patents may expire 18 to 24 months earlier than in Canada, patent term restoration in other countries means Canadian access to these foreign markets is generally not expected to be delayed by the difference in patent expiry dates.

• (1430)

It should also be noted that while the generic firms are claiming that Bill C–91 will be the death knell for their industry, there are two obvious reasons why one finds this hard to believe. One, generic sales in Canada increased by 180 per cent between 1987 and 1991. Two, generic firms, including a subsidiary of a leading Canadian generic firm, have thrived in the U.S. market where a longer patent life exists and no compulsory licensing occurs.

A leading fine chemical manufacturer which exports most of its production, Raylo Chemicals of Edmonton, stated in a letter to the Senate committee that more business opportunities will result for fine chemical companies as a result of Bill C–91.

On the international level, the GATT and NAFTA texts would not allow us to provide such an exception for the pharmaceutical sector alone. It would have to be extended to all fields of technology.

The government has not closed the door to the possibility of allowing the manufacturing by non–patent holders of patented products in Canada for export to countries where the patents have expired. However, this issue requires careful analysis and consultation across all sectors of technology. It is not an issue limited to the pharmaceutical sector.

We must also be careful not to approach this issue in a way that would undermine the system of patent protection in Canada and work against the competitiveness of our business climate for international investments. If desirable, such a change can be wrought at a later stage. Any immediate impact of Bill C–91 on the export activities of generic drug companies is mitigated by the fact that the grandfathering provisions allow products with compulsory licences issued before December 20, 1991 to continue to be exported without any restriction.

In closing, I leave you with a quote from Minister Wilson's testimony before the Senate committee dealing specifically with this problem:

> ...we have done some consulting on this. We are aware of the concerns that the generic companies have expressed. We have had consultations with the brand–name companies. We have not found a solution to the problem at this point. We are trying to seek the objective that you have set out. Certainly, it is consistent with what we would like to see. We also do want to be able to do that without undermining the system of patent protection. That is the balance that we are trying to achieve. We have not found it yet, but we are still consulting on it.

Honourable senators, I trust that this is a sufficient answer to the concerns and the amendments suggested by my colleague Senator Hébert in yesterday's debate.

The Hon. the Speaker: It was moved by the Honourable Senator Beaulieu, seconded by the Honourable Senator Teed, that this bill be read the third time.

In amendment, it was moved by the Honourable Senator Hébert, seconded by the Honourable Senator Gigantès:

> That Bill C–91 be not now read a third time, but that Clause 4 —

Senator Lynch–Staunton: Dispense.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

MOTION IN AMENDMENT OF SENATOR HÉBERT— VOTE DEFERRED

Hon. John Lynch–Staunton (Deputy Leader of the Government): Before doing so, Your Honour, and in anticipation of this event, discussions have been held by both sides. Our friends opposite have scheduled some very important consultations amongst themselves for the balance of the day and tomorrow. Out of courtesy to them with respect to that important event, it has been agreed that, rather than defer the vote until later today or tomorrow, it should be deferred until Monday evening when we return.

Senator Frith: We are reciprocating for your convenience on Sunday. We will not have the vote on Sunday, out of courtesy to you.

Senator Lynch–Staunton: Also on Saturday afternoon. We thank you and you thank us. We will be through for the Superbowl.

If that arrangement is agreeable, honourable senators, I would then like to move a motion along those lines.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Gildas L. Molgat (Deputy Leader of the Government): I believe my honourable friend has embellished a little upon the agreement we had reached. I was under the impression that it suited both sides. However, I have no objections. It is correct that we have reached an agreement that will suit all honourable senators.

If honourable senators opposite insist on voting on Sunday, we would be prepared to return to accommodate them. I am not quite sure that my colleague the whip opposite would want that.

Senator Lynch–Staunton: In that event, I therefore move, honourable senators, that:

> With leave of the Senate and not withstanding rule 59(1)(*i*),
>
> THAT, notwithstanding rule 68(2), the deferred vote on the motion in amendment to Bill C–91 moved by the Honourable Senator Hébert take place on Monday, February 1, 1993; and
>
> That immediately before the calling of the Orders of the Day on Monday, 1st February, 1993, the bell to call in the Senators for the said deferred vote ring for thirty minutes, after which the Speaker shall immediately proceed to call for the standing vote on the motion in amendment.

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

Hon. Senators: Agreed.

Hon. H.A. Olson: Honourable senators, does that mean the vote will be at 8.30 p.m.?

Senator Lynch–Staunton: We will be calling Orders of the Day after Question Period. Therefore the bells may start ringing around 9 o'clock, and the vote will take place between 9:15 p.m. and 9:45 p.m.

Senator Molgat: Honourable senators, I understand that we have now dealt with the deferred vote on the amendment, and we will now resume debate on the main motion.

Motion agreed to.

MOTION IN AMENDMENT OF SENATOR GIGANTÈS— DEBATE ADJOURNED

Hon. Philippe Deane Gigantès: Honourable senators, I have another amendment to propose. In the meantime, I wish to speak on this bill generally.

Some others have expressed their feelings on this bill in the best possible way, and I would like to quote a few of those statements, for example:

> Research was the spoonful of sugar the drug industry used to shove patent medicine bill C–91 down Canadians' throats. Give us longer patents and we will spend money to find miraculous new cures, drug companies promised. Now that the bill is nearly law, it appears the promise — the spoon — is half–empty.

• (1440)

> Where's the sugar?
>
> A spokeswoman for multinational drug companies —

This newspaper from which I am reading is being very nice to us Liberals by not mentioning the name of Mrs. Erola, who has brought shame to our party because she was once a member.

> A spokeswoman for multinational drug companies says the law isn't good enough to boost research spending to world standards. That's 16 per cent of revenue; the Canadian industry now spends 10 per cent on research.

Why are we bothering with Bill C–91 if they do not intend to boost research?

In other words, ill consumers will spend an extra $100 million to $400 million at the pharmacy shelf —

Some people say even $750 million.

— during the next decade. In return, the drug industry *might* write an unspecified number of cheques to tame scientists who study the "right" profitable diseases.

These won't include Dr. Nancy Olivieri of the Hospital for Sick Children in Toronto. She's seeking a cure for sickle–cell anemia, a fatal blood disorder that afflicts up to 180 million people in the Third World. She has no drug company funding. The poor, huddled masses can't afford medicine so the "innovative" drug companies aren't interested.

If Olivieri had a treatment for high blood pressure, she would be courted like a film star.

High blood pressure is a Tory disease, as everybody knows.

Blood pressure is what gets the real money circulating.

Because she is a doctor, at least Olivieri won't starve. Drug companies spend hundreds of millions buying dinners for doctors each year, or visiting their offices to deliver lectures and free samples of their wares. Last year, they spent more than $700 million on promotion and "continuing education", a recent study said.

That is what they call sales pitches.

These perks account for 20 cents of each medicine dollar, or twice what the drug industry spends on research. *There's* the sugar.

And what has research offered Canadians? In 1991, "innovative" drug companies put 98 new products on the market. Fifty–one of these were old drugs, repackaged so a higher price could be charged. Another 34 were "me–too" drugs, copies of existing, profitable medicines. Nine have yet to be categorized.

Fifty–one plus 34 gives you 85 out of the 98.

Only four products were a significant improvement, according to the Patented Medicine Prices Review Board: Alphanine, a coagulating agent for hemophiliacs, and three sizes of Zofran, an anti–nausea drug for cancer patients on chemotherapy.

This is the research legacy of the world's most profitable industry, the drugmakers who moan bitterly that Canada's patent laws don't give them a fair shake.

Their rate of profit, by the way, is 35 per cent.

[Senator Gigantès]

Canada needs more research money, but not at the price the medicine industry will exact. When the spoon is shoved that far, it's difficult not to gag.

That was from the Ottawa *Citizen* of January 26, 1993.

I also have an article from the Ottawa *Citizen* of January 27:

Drug–makers defend soaring costs.

The rising cost of drugs is mainly owing to the increasing use of drugs by a growing population, not to rising drug prices, says the spokeswoman for the Canadian Pharmaceutical Manufacturers Association.

Unfortunately, they identify her and put in her picture.

Judy Erola was explaining why sales of patent drugs in Canada nearly doubled to $1.9 billion in 1991 from $1 billion in 1988, despite her industry's claim that drug prices are being successfully controlled.

Her explanation runs counter to that of several provincial governments who say their drug costs have been rising in large part because of inflated prices for new drugs.

"The fact is that those costs that the provinces are facing are not attributable to the prices of our products," Erola told reporters Tuesday.

What has happened to drug prices in recent years has become a major issue in the debate over the government's drug patent legislation, now in third–reading debate in the Senate.

The legislation prolongs the time during which patent drugs are protected from cheaper generic copies, and critics say it will result in soaring drug costs.

The government and brand–name drug makers say similar warnings were issued the last time patent protection for drugs was improved in 1987, yet prices have been kept below the rate of inflation.

They credit the Patented Medicine Prices Review Board, (PMPRB), a federal agency, with keeping prices down and say it will continue to safeguard consumers.

But critics say the board has failed to keep down the overall drug bill because of the rate at which existing medicines are replaced by new, more expensive ones.

The board's power to combat overpricing "is not sufficient to correct underlying problems," says an analysis distributed Tuesday by the Canadian Medical Association.

These are physicians, and physicians are not wild–eyed Liberals. They are people who consider health as a source of business profits, or most of them do.

> "Because only price increases (of existing drugs) are subject to review, pharmaceuticals entering the market at inflated prices escape the same examination and possible correction," says the CMA brief.
>
> The PMPRB acknowledged in its most recent annual report that new drugs are a major reason for rising drug costs.
>
> "The board is aware that the costs ... (of patent medicines) have increased more rapidly than the prices of medicines. This increase is due to the substitution of new drugs for those previously prescribed."

In the former document I was quoting, you saw that many of these new drugs are no better than the old drugs. These people are just hucksters. They put a new label on the bottle, and they quadruple the price.

> About one–third of the medicines prescribed in 1991 were not on the market in 1987, says the report.
>
> Some experts say that many of the new drugs provide no proven advantage over existing drugs, even when they are much more expensive.
>
> A study by Green Shield Prepaid Services, a private health insurance plan in Ontario, found that the average drug claim for drugs introduced to market after 1987 was more than double the average claim for drugs before 1988.

What else needs be said? Why is this being done? The figures are there.

As Senator Frith was saying the other day, it is impossible to believe that the drug companies will invest what they say they will invest to make $129 million. They can make a great deal more by simply buying government bonds. They are not insane; they are profit hungry. Their profit will be a great deal more than $129 million, and we see how it will get up there.

This is a bad bill, so why is the government following this course? It is not that they cannot, for instance, compress or depress the cost of new drugs. Other countries that have signed the Dunkel amendment do so, and they have lower drug costs in consequence.

There are many defects to this bill, and one of the worst is retroactivity. Bill C–91 is retroactive to December 20, 1991. The GATT text to which Mr. Wilson refers as a justification for this retroactivity is only a proposal. It has not been passed. It does not become an agreement until it is accepted and ratified by all parties to the GATT.

• (1450)

Furthermore, the text specifically provides for a one–year transition period to allow signatory states time to comply with its provisions. Article 65(1) of the Dunkel text states:

> No party shall be obliged to apply the provisions of this agreement before the expiry of a general period of one year following the date of entry into force of the agreement.

After it is signed — and it is not yet signed — we will still have one year. What does the government do? It goes back to 1991. Nothing is forcing them to do that. We have to ask ourselves why they are doing it. Of course they are doing it because their friends in the patent medicine business want them to do it.

Senator Frith: In order to maximize their profits.

Senator Gigantès: It maximizes their profits, and no doubt many Tories own shares in these excellent companies that show 35 per cent profits.

With respect to NAFTA, we are not bound to change any legislation in Canada until the agreement has been ratified by Parliament. The agreement has not been ratified by Parliament. It has not come before Parliament. Most witnesses who discussed the issue of retroactivity were against the provision.

For instance, the Canadian Fine Chemicals Manufacturers stated:

> The retroactivity of Bill C–91...has had a great impact on our company...We have to do some serious thinking about what we are to do with our company, and what the employment situation will be after this bill is passed.

That quotation is from Issue No. 25, page 86 of the testimony which was given before the committee.

The Canadian Federation of Labour is against the bill. The Public Service Alliance of Canada is against it, as is Delmar Chemicals. One Voice – the Canadian Seniors' Network is against it. The National Health Council, the Consumers' Association of Canada, the Canadian Labour Congress, l'Association des consommateurs du Québec, the Government of Manitoba, the Government of Prince Edward Island and the Government of New Brunswick are all against it.

Does the government care? No. It is much more important to give their friends bigger profits to pocket than to care for the sick, the elderly and the provinces who will have to foot the bill.

As the bill currently reads, clause 11 provides that all licences granted before December 20, 1991, will remain intact, unaffected by Bill C–91.

Clause 12 has the effect of revoking any licences granted after December 20, 1991, once the bill comes into force, hence the retroactivity of the bill. Why do we have to go back to December 20, 1991, if it is not to give more money to friends of Tories?

Clause 13 is conditional upon clause 12. It would prohibit any claims from being brought against the government for compensation or damages arising from the retroactivity provisions. If you damage someone, ethically he has some recourse before the courts. What does the government do? It damages people and then says, "You don't have the right to claim any damages."

We propose to eliminate these clauses, better known as the Merck–Frosst clauses.

[*Translation*]

Therefore, honourable senators, I move:

> That Bill C–91 not be read a third time now, but that it be amended by striking Clauses 11, 12 and 13, at pages 21 and 22.

I have several copies for you, but in French only. I would like to know where Senator Simard is, to have a chance to give him a taste of their own medicine. Yesterday, they distributed amendments in English only; today, we distribute ours in French only. And those who do not speak French yet can enrol in a language course! It is very short. All those unilingual senators can figure it out with the help of a dictionary.

Why do you act that way? I think there is something very fundamental here. There is a difference in philosophy. The difference is that, on your side, you consider health issues as matters that lend themselves to financial ventures. We, on the other hand, believe that health is a matter which transcends business. It is obvious in the United States what effect this philosophy has had on the sick and on the people in general. In Canada, you can see how much good was done with our national health system that you are trying to crush under this enormous burden.

The Hon. the Speaker: Honourable senator, are you moving the amendment now?

Senator Gigantès: I did move the amendment.

The Hon. the Speaker: It is moved by the Honourable Senator Beaulieu, seconded by the Honourable Senator Teed, that Bill C–91 be read the third time.

In amendment, it is moved by the Honourable Senator Gigantès, seconded by the Honourable Senator Hébert, that Bill C–91 not be read the third time now, but that it be amended by striking Clauses 11, 12 and 13, at pages 21 and 22.

Is it your pleasure, honourables senators, to support the amendment?

[Senator Gigantès]

[*English*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I wonder if there is any other senator who wishes to speak to the amendment itself.

Senator Doody: I doubt it.

Senator Frith: Perhaps we should be sure that if we take this step now there will be no more speeches on the amendment. Is that correct?

Senator Molgat: That is correct.

Senator Frith: That is all right, if that is what the agreement is. I wanted to be sure.

Senator Molgat: There is no agreement on this amendment.

Senator Frith: In other words, senators who speak in the meantime will be able to speak on this amendment even though the vote is delayed; is that what you are saying?

Senator Molgat: No. The amendment is before us now and it is debatable. Anyone who wishes to debate the amendment is free to do so. If no one wishes to do so, then it can be adjourned or voted on. If it is to be voted on, then I presume we would have that vote on Monday night as well.

Senator Lynch–Staunton: Because we have just received this amendment and because we want to study it, I should like to move the adjournment of the debate.

Senator Frith: The agreement is that, eventually, it will be in the bundle of votes on Monday night.

Senator Lynch–Staunton: Definitely.

Senator Molgat: We will be unable to vote on it on Monday night under the terms of our agreement. It will be debatable on Monday night because on Monday night the first item will be the vote on the amendment proposed yesterday. That will come up first, after which we will be back to the amendment of Senator Gigantès, which we will dispose of as we see fit. We will then be back to the main motion.

Senator Frith: In other words, the agreement does not cover this amendment; you have another one.

The Hon. the Speaker: It is moved, honourable senators, by the Honourable Senator Lynch–Staunton, seconded by the Honourable Senator Doody, that the debate be adjourned on the amendment until the next sitting of the Senate. Is it your pleasure to adopt the motion, honourable senators?

Senator Lynch–Staunton: This motion to adjourn the debate covers the main motion as well. I do not believe there are any other speakers on the bill for today.

On motion of Senator Lynch–Staunton, debate adjourned.

ADJOURNMENT

Leave having been given to revert to Government Notices of Motions.

Hon. John Lynch–Staunton (Deputy Leader of the Government): Honourable senators, since we have decided that most of our important business is to be put over until Monday evening, I see no necessity to reconvene until then. Therefore, with leave of the Senate and notwithstanding rule 59(1)(h), I move:

> That when the Senate adjourns today it do stand adjourned until Monday next, February 1, 1993, at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

BILL TO DISSOLVE OR TERMINATE CERTAIN CORPORATIONS

THIRD READING — DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lynch–Staunton, seconded by the Honourable Senator Rossiter, for the third reading of Bill C–63, An Act to dissolve or terminate certain corporations and other bodies.

Hon. Eymard Corbin: Honourable senators, in his budget speech on February 25, 1992, the Minister of Finance announced the government's ill–considered decision to eliminate 46 agencies financed with public funds.

Before I go any further —

[*English*]

I would like to say I endorse entirely the concerns expressed by Senator MacDonald from Halifax on Bill C–63. I have absolutely no quarrel with what he had to say. However, today I would like to address other aspects of the government's decision.

[*Translation*]

On March 10, the government tabled Bill C–63 in the House of Commons, thus striking the initial blow against the research sector in this country. In fact, the legislation provided for the winding up of six autonomous government agencies established by Parliament: The Canada Employment and Immigration Advisory Council; the Canadian Institute for International Peace and Security; the Economic Council of Canada; the International Centre for Ocean Development; the Law Reform Commission of Canada and, last but not least, the Science Council of Canada.

By eliminating these six agencies, the government has demonstrated once again that it is incapable of dealing with the real causes of the deficit. It cannot even select the right targets. The savings involved are meaningless. We are dealing with a government that has nothing to offer in the way of innovative solutions. It is sheer madness to sign the death warrant of agencies that have shaped the ideas and solutions of the future, agencies that developed the components of realistic and responsible political solutions. I can also easily imagine the negative impact these cuts will have on Canada's ability to maintain its leading edge in these sectors internationally.

One wonders, not unreasonably, whether these agencies and councils were the victims of some kind of vendetta, since they have often criticized, be it constructively, the often ill–advised policies pursued by the present government and, no doubt, its predecessors.

As Senator MacDonald from Halifax said so well in his speech Monday evening, the government simply wanted Canadians to have the illusion it was doing something about the deficit. This may be another case of smoke and mirrors.

It is absurd to talk about this bill as a cost–cutting measure. The money saved by terminating these agencies is just a drop in a very large bucket. The government's decision reminds me of the captain of a ship in distress who throws his compass overboard to keep the ship afloat.

The agencies that will disappear when this bill is adopted played a key role in the development of public policy, responding to the expectations and the challenges of a society in a state of constant flux.

Take, for instance, the Law Reform Commission. The work done by this agency has made it possible to develop innovative legal solutions that have been a source of inspiration for many jurisdictions, both in Canada and abroad.

The Law Reform Commission, which was created by Parliament in 1971, has produced 34 substantial reports, 64 working papers, 75 miscellaneous studies, 300 studies that have not been published, and more than 300 articles and monographs. It has also acted as an independent and much appreciated advisor to the Minister of Justice. The commission's work dealt with all aspects of our lives as Canadian citizens. Some studies have led to changes in legal interpretation, such as the criteria for determination of death, assisted suicide, euthanasia, interruption of treatment, to name only a few. The commission has also studied violence in sport, family violence and protection of privacy. Its recommendations were always well received by the legal community.

The fundamental importance of the Law Reform Commission and its role in our Canadian judicial system were

never in doubt, and its work has often been cited in Supreme Court decisions.

And now for the Science Council of Canada, which will also fall under the legislative axe: The council was established in 1966 with a mandate to provide guidance to the government and stimulate scientific research. The work done by the Science Council has acted as a catalyst in academic circles, in industry and among governments across this country.

Ironically, at the very moment when research and development become primordial in maintaining Canada's competitive position in a global economy, the government shows its advisors the door. The government will no longer listen.

The winding up of the Canadian Institute for International Peace and Security is also a prime example of incompetence, at a time when the government badly needs prudent advice on international relations in order to develop a sound foreign policy that reflects the new international situation. It has padlocked the door, thereby depriving itself and the international community of a precious tool.

According to most observers, the most damaging cut is the elimination of the Economic Council of Canada. This agency, set up in 1963, administered an annual budget of about $10 million. Its economic impact, however, was worth far more than the cost to Treasury Board. The Economic Council of Canada has made the headlines with numerous exhaustive studies and incisive analyses which have enjoyed broad support among the Canadian public.

I think it is important to mention, in passing, that the Economic Council of Canada was the only agency of its kind to operate, and publish all research results, in both official languages. The Economic Council was neither on the left nor on the right. It was realistic. And that is probably why it served this country so well.

In its last annual report published in August 1992, the Economic Council of Canada gave the government a last warning. The government should act as quickly as possible to counteract the recession, unemployment, environmental problems and family breakdown. It also advised providing an economic stimulus for industrial restructuring and technological change. According to the council, the Canadian economy must adjust to an environment marked by fragmentation, saturation and accelerating change. It is a challenge all governments must face, and this government managed to get rid of one of its best economic allies and advisors. The messenger — the bearer of bad news — had to be eliminated because the government's pride had been hurt.

The government's arrogance in this affair is shown by what the Honourable John McDermid, Minister of State for Finance and Privatization, said to the meeting of the Standing Senate Committee on National Finance on December 16, 1992, which I attended:

[*English*]

> I am here to assure that this bill is in good shape and doing the thing it is supposed to do: to wind down and cease operations of the organizations...I do not want to get into too technical questions on each specific one. That decision was taken by the Government of Canada. It was approved by the House of Commons in the budget, and I am taking care of the housecleaning, if you will, the technical matters.

I refer you to page 4010 of the transcript of the committee.

[*Translation*]

A grave–digger would have said the same!

As has become customary with the Conservatives, these proceedings of the National Finance committee were only a formality. To all intents and purposes, it was a farce. Only three witnesses were allowed to appear before the committee: The minister and two of his top officials. Therefore, this committee study cannot be called comprehensive. The heads of the agencies eliminated by the government could not appear. The government troops would not have allowed it.

The agencies hit by Bill C–63 were meant to advise and guide the Government of Canada, and especially to enlighten its vision of the future in a host of areas that directly affect Canada's ability to face the challenge of the twenty-first century. Their elimination leaves an intellectual void, and the present government will have to bear full responsibility for it.

Honourable senators, I am unable to support this Bill C–63, which is, in a sense, a cowardly return to the past and really an admission of impotence and incompetence.

On motion of Senator Molgat, debate adjourned.

The Senate adjourned until Monday, February 1, 1993 at 8 p.m.

THE SENATE

Tuesday, February 2, 1993

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

Prayers.

THE LATE HONOURABLE NANCY CLARK TEED

TRIBUTES

Hon. Lowell Murray (Leader of the Government): Honourable senators, as we heard at this morning's funeral service, it is to the mysteries of divine providence and of faith and to the consolations of religion that one must turn if one seeks to make any sense at all of an event such as the tragic death last Friday of our youngest colleague, Senator Nancy Clark Teed. The death, so sudden, of a person with so much to live for and so much yet to contribute, is beyond any explanation of which human beings are capable.

When it comes to finding some meaning in her life, however, we mere mortals are on more familiar and certain ground. We recognize the life of public service and commitment happily sought, gladly lived and warmly admired by all. By any standards, even the high standard she always set for herself, hers was a life of giving and of achievement. Here again the idea of providence occurs, that it is providential that a life so tragically short had already been so full of achievement and of service. Elected to the New Brunswick Legislature at the age of 29, a cabinet minister in the Hatfield government at 33, summoned to the Senate at 41; Nancy Teed had become by the time of her death one of the most vital and visible personalities in the public life of Saint John and New Brunswick. From 1982 to 1987 she had served as New Brunswick's Minister of Social Services, Minister of Health and Community Services and minister responsible for the Alcohol and Drug Dependency Commission.

In her native city of Saint John, the name of Nancy Clark Teed was synonymous with generous and highly effective leadership in a host of good causes. A member of the Saint John Heritage Trust, the YMCA Women's Network, the Salvation Army Catherine Booth Bible College, the Canadian Association for the Mentally Retarded, Centracare, the Red Cross Society, the New Brunswick Lung Association, she was preeminently the person to whom others invariably turned, as much for her willingness to give of herself as for her ability to mobilize and motivate others.

This was the Nancy Teed we came to know and respect and rely on here in the Senate. From the day she arrived here in the fall of 1990 until her last day last week, Senator Teed was fully engaged in the work of this chamber and in the issues that are before us, before caucus, before Parliament and the country. Her lively interest in politics and public affairs and her capacity for friendship made her, quite simply, a favourite colleague on this side, and I believe among parliamentarians in other parties as well. We in the Conservative caucus are truly devastated by her death.

The many organizations she served and the wider community that is served by politics and government should give thanks today for the life and example of Nancy Teed. This morning in Saint John, that wider community paid their final respects. The Prime Minister of Canada and Mrs. Mulroney, the Speaker of the Senate, the Premier of New Brunswick, the Mayor of Saint John, many members of both houses of Parliament and of the New Brunswick legislature of various political affiliations were among the mourners. The Anglican Bishop of Fredericton, George C. Lemmon, who had known Nancy since her childhood, delivered the eulogy.

Her husband and two young children are today burdened with a grief and a sense of loss that are immeasurable. As time goes by, their consolation, and ours, will be in the memory of how fully she lived and how much she always tried to give to her friends and fellow Canadians. Her children will come to realize that, while their mother's death is beyond understanding, her life in politics and public service was full of meaning, bright with example and a source of pride for them and for us always.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, today we all mourn what the Government Leader has described, without any exaggeration, as the tragic death of Senator Nancy Teed in a car accident last week.

In her 43 years of life, Senator Teed made her mark in politics, first as a member of the New Brunswick legislature and then as a member of this chamber. As Senator Murray has said, she was only 29 years of age when she was elected to the provincial legislature in 1978. Then, during her years in provincial politics, she became the Minister of Social Services and the Minister of Health and Community Services. In both these roles, she forwarded her ideas for a better community. In fact, in an article which appeared on September 5, 1990 in the *Telegraph Journal*, she cited her:

> "commitment to the less fortunate" — developing community-based social services, improving day-care standards and starting a cardiac-care unit — as her major accomplishments as a cabinet minister.

She was recognized for her work by the Canadian Association for the Mentally Retarded in May 1986, and by Centracare in June, 1986.

On these occasions, as honourable senators can appreciate, it is difficult for the Government Leader on his part, and the Opposition Leader on his part, to avoid some repetition.

However, I think it is worthwhile risking redundancy for the sake of emphasis, so I will also put on the record that Nancy Teed was a member of the Saint John Heritage Trust, the YMCA Women's Network and the Salvation Army Catherine Booth Bible College. She served as Honorary Vice-President of the New Brunswick Red Cross Society and President of the New Brunswick Lung Association.

On August 30, 1990 Nancy Teed was summoned to the Senate. She brought to the Senate a great deal of knowledge of social issues such as poverty and family violence, particularly violence against women. Senator Teed felt that the Senate would provide her with the opportunity to speak out about social issues, which she did. On May 22, 1991, in reply to the Speech from the Throne, Senator Teed laid forth her views on violence against women and what we could do about it. As reported at page 46 of the *Debates of the Senate* for May 22, 1991, she stated:

> If honourable senators believe, as I do, that the use of violence as a way of achieving power or solving problems is unacceptable, then you will agree that we must speak out with confidence against violent and sexist images in the media. We can speak up on behalf of women, children and seniors. We can ask for a greater emphasis on communication and non-violent problem solving in our school curricula. We can stand firm in our conviction that men, women and children have a right to live free from violence.

In a 1984 interview, she said:

> All you do is try your best ... I would dislike myself if I felt I wasn't putting everything into it and being the best politician that I can possibly be.

We in the Senate know that she put her best into her endeavours, and that her best was indeed impressive. Although I disagree with the political value system she supported, I pay enthusiastic tribute to the personal and social values to which she dedicated so much of her too short life. We join in the extension to her family of our deepest sympathies.

Hon. Mabel M. DeWare: Today, honourable colleagues, we said good-bye to Nancy Clark Teed.

My association with Nancy, my friend and colleague, started 15 years ago in 1978 when she and I were both elected to the New Brunswick legislature. She was 29 years old. For four years, Nancy, Brenda and I shared a home in Fredericton. We only had a majority of two in the New Brunswick legislature, so you can imagine why we became a very close-knit family. I think we can reflect in this house back to 1990 when we became a very close-knit family under different conditions.

Nancy had a keen interest in politics from the time she was a young girl. As has already been said here, in 1982, as Minister of Social Services and then as Minister of Health and Community Services, she brought a dedicated, enthusiastic approach to her portfolios. She extended that enthusiasm to her community interests which our leader Senator Murray has told us about, as has the Leader of the Opposition, Senator Frith.

The Prime Minister recognized her dedication to her province and community, and appointed her to this house in 1990. I do not have to remind any of you here of what a pleasing personality and warmth she brought to this chamber.

She was a wonderful wife and mother, and she and Billy had a unique and wonderful relationship. They were very supportive of each other in all their endeavours, and their endeavours were numerous. I spent all day Sunday and Monday with Billy, Jennifer and Harrison in their home with their family, and I have to tell you about the wonderful support they have there, not only from family but also from friends. Coming away from there, I am convinced that that support will sustain the family for some time to come.

The children, Jennifer and Harrison, although young, reflect the warmth of love that their parents have given them. Nancy's gift of kindness touched a lot of people and friends in that community. The outpouring of love and sympathy this weekend really shows the high esteem the community, the province, and the country hold for Nancy, Bill, the children, the Clark family, the Teed family, and their many friends. Nancy's mother was able to be there all weekend to receive this wonderful outpouring of tribute.

I wish to extend my heartfelt sympathy to Bill, Jennifer, Harrison, and their family and friends.

Along life's road, I met a friend who brought me joys untold; joys that fill my heart more wonderful than gold. Today I say, "God rest you, Nancy."

Hon. Brenda M. Robertson: Honourable senators, I honestly cannot remember when I first met Nancy. It was certainly long before she ran for office. In some ways, she was always involved in the political scene. Thus, my recollections are predominantly political associations, although for many years she was a good customer of mine as well when she first entered the business world.

I want to say to honourable senators that the '70s were considerably different from the '90s. Perhaps that may not be obvious to some. There were those who said that Nancy was too young to run for City Council in 1977 at the tender age of 27. There were those who said she was too young to run for the provincial legislature a year later at the age of 28. But the majority of the constituents of Saint John South certainly felt her age made no difference.

Richard Hatfield, like those who elected her, knew also that her age did not make a difference. He recognized the shining qualities that were so evident to her many friends and supporters, and appointed her to his cabinet.

In many ways Nancy's youth reflected a younger generation of women and men in need of societal understanding in order to live more enriching lives. She was admired for her loyalty, dedication, enthusiasm and understanding of our New Brunswick problems and the province's richness.

Nancy developed a sensitivity and an awareness of the cultural differences in our province. Her understanding of our difficult constitutional issues enhanced her work as a member of the Beaudoin-Dobbie Commission. This sensitivity to our cultural and social evolution must have been a great help to that important commission.

Nancy was my colleague and my friend. As Senator DeWare has mentioned, the three of us shared what was commonly known by our colleagues in the legislature as the "doll house" in Fredericton. We worked hard, but we had fun. Our friendship flourished as we learned about each other and gained greater respect for each other. Most of all, we came to understand each other.

Honourable senators, Nancy was not only a hard worker for her constituents, the people of New Brunswick and the people of Canada, she was a devoted wife and mother. She could have stayed in Ottawa last weekend because, as you all know, the national caucus of our party met on Saturday and Sunday. But she wanted to be with Bill in Fredericton to share the law banquet, an event very important to him and, therefore, of equal importance to Nancy. However, she planned to return on Saturday morning for caucus. The rest is history.

In many ways, words fail me to express my dismay, sorrow and sense of injustice because of her unexpected death. She had her whole life in front of her, two charming children to guide, a husband to love, and a country to serve.

Nancy was not an idle senator. She worked with dignity and with a sense of humour that was a pleasure to share. We shall miss our colleague. I shall miss my friend. I hope that Bill and the children, her mother and family will find some small comfort in knowing that our prayers have been, and are, with them.

Honourable senators, she was not too young to fulfil her role as a cabinet minister in Richard Hatfield's government. She was not too young to fulfil her responsibilities as a senator. She was young to be so prestigious and so young to die. We will miss her.

• (2020)

Hon. John Sylvain: Honourable senators, I will be brief since I know that many want to pay homage to Senator Teed.

It would be difficult to find a member of this chamber who was more universally liked than Senator Teed. Her natural charm appealed to everyone. I think that affection was beautifully expressed by this white rose left on her desk earlier today.

I met her and her family when we were sworn into this august establishment, and what a lovely family picture they presented. Then I learned of her business successes and of her political victories in New Brunswick, where she served several sucessful terms as minister in a number of portfolios. Her appointment here was earned by hard work and dedication. Her valuable contribution to the work of the Senate and its committees was recognized by all.

Senator Teed's strength of character and determination was first clearly displayed soon after her arrival here during one of our late-night GST debates, when she was in the chair. With tact, precision and courage, she was able to restore order. Everything she did, she did with grace and humour.

To have accomplished so much in so many fields at such a young age and to balance so successfully marriage, business and politics, I believe makes her an ideal model for today's ambitious young women.

I shall miss her, as shall we all.

Hon. L. Norbert Thériault: Honourable senators, very briefly, I do not want to repeat unnecessarily all of the good things that have been said this evening.

I remember Nancy Teed when she was first elected to the legislature in New Brunswick. I served a short time with her. It was a time when I, as a member of the opposition, had hoped we would change sides in the house. We came close, but we did not make it. The seat which Nancy Teed won for her party was a seat which we naturally had hoped to win and which might have made the difference. When I met Nancy during that election while campaigning on behalf of the Liberal candidate, a well-known, established resident of Saint John, I could not help but say to John Mooney that he was in for a rough ride.

Prior to that, I had the pleasure of meeting Nancy with her husband-to-be because we shared a mutual acquaintance in the person of a very close friend of mine from law school.

• (2030)

I did not serve very long with Nancy in the legislature before I came here. I recall that I met with her on one of her visits to Ottawa. I was impressed with her sincerity. At that

time, as Minister of Health and Community Services, she was deciding whether to close the Dr. Roberts School. She talked with me about it. I presume that the opposition in the legislature was giving her a hard time. By then, I was removed from the issue, but had some knowledge of that institution, which had served a good purpose. I am sure she was glad to hear me say, "Don't worry about it."

Mental health has always been neglected in our province. I recall that, long before Nancy's time, one of the first things I had to do as Minister of Health was to visit the mental hospital at that time in Saint John. Nothing in my life, before or since, has shocked me so much. I told her to proceed because I believed that her aim of putting those people into the community was the right thing to do, and she did it.

She did a lot of good things. As the Bishop said this morning, a lot of people are better off for Nancy having been a member of the legislature, a cabinet minister and a senator.

I offer to her husband, and to the nice little boy and girl whom I met this morning, my most sincere condolences.

Hon. Consiglio Di Nino: Honourable senators, since being appointed to the Senate in August of 1990, on the same day as Nancy Teed, all of my experiences in Ottawa have not been positive. One of the best things that happened to me was to have had Nancy as my seat-mate for most of the past two-and-a-half years. She brought brightness on dull days, reason when I thought everyone in this place was going crazy, comfort when I was down and, most important, she gave me her friendship. Nancy and a handful of other colleagues became my Ottawa family. Her tragic and untimely loss has deprived me of a wonderful friend.

Among her many outstanding qualities, Nancy's fierce loyalty stands out. We were privileged to have had her among us. To the Clark and Teed families, especially Billy, Jennifer and Harrison, and to all of her incredibly wonderful friends, I extend condolences, sympathy and prayers. And to you, Nancy, ciao.

Hon. Michael A. Meighen: Honourable senators, the tragic and untimely passing of our colleague Nancy Clark Teed is a heavy loss in many ways for many people. In my own case, I find it nothing less than devastating.

My connection with Nancy's family goes back for many years to when my mother roomed with her husband's mother at school in Saint John, although I guess that was not why Nancy chose Bill, or Bill chose Nancy. I met Nancy and her husband-to-be almost 20 years ago and because of the previous connection, and because of Nancy's unique qualities, we stayed very much in touch over the years. My admiration and my respect for her never ceased to grow.

While inevitable, death is always, of course, so very difficult to accept. It is particularly difficult when it occurs accidentally, and in the prime of life. And what a life it was. Nancy Teed packed so very much into 43 years. Wife, mother of two young children, business woman and politician, Nancy took on challenges with a rare and unique gusto, and she always seemed to come out a winner, even when she lost. Whatever the task, she brought to it an organizational and motivational talent of quite remarkable proportions. Whatever the problem, Nancy always brought to bear both her head and her heart. Her enthusiasm was powerful and infectious. She was a doer.

Senator Teed loved her country, her province and her city. Senator Teed was the product of her environment, as are we all, and embodied many of the qualities which characterize New Brunswickers and which they hold so dear. In a region where straight talk and plain speaking is the norm, Nancy Teed stood out as an example to others. As she herself once said, "I am not one to sit on the fence."

[*Translation*]

Honourable senators, although Nancy Teed never managed any fluency in French, she was always perfectly comfortable with the French fact, whether in New Brunswick or in Canada.

[*English*]

As has been mentioned by others here, Nancy possessed a fierce loyalty to her friends and to the institutions of which she was a part. As the editorialist in the *Telegraph Journal* put it, "When Nancy Teed was on your side, you had a loyal friend and ally." People in politics knew that. People in all fields of endeavour knew that. People from all walks of life knew that. People respected Nancy. They respected her because she respected them.

How poignantly and forcefully this was demonstrated by the huge crowd that gathered this morning to pay tribute to one of their own: people from her old riding of Saint John South, people representative of her varied interests and her varied involvements, people touched by her quiet thoughtfulness.

I would like to think that the tribute that would have most touched Nancy was the one paid to her within yards of where she now lies buried. As the procession of cars neared the Maces Bay Cemetery this morning, all of the children of the Fundy Shores Elementary School were lined up along the road in the bright sunshine and bitter cold. The sight of those children standing in the snow with their heads bowed, a Canadian flag at half-mast behind them snapping in the clear blue sky — that, fellow senators, at least for me, said it all.

To her husband Billy, whom she loved so much, and to his wonderful family; to her children Jennifer and Harrison, of whom she was so very and rightfully proud; to her courageous

mother from whom she inherited many of her qualities; to her sister and brothers, of whom she was so fond; and to the many friends who meant so very much to her, may I express my deepest condolences and heartfelt sympathy.

Hers was a life of giving, fellow senators, of contributing; a life of achievement. I feel fortunate to have been touched by it. We shall all miss her terribly. May she rest in peace.

Hon. Thérèse Lavoie-Roux: Honourable senators, Nancy Clark Teed brought her youth, liveliness and high spirits to the Senate. She also brought her sense of duty, her determination, her concern for people and her great involvement in social problems and issues.

I knew Nancy before I came to the Senate. I had the opportunity to work with her on several occasions when she and I were Health and Social Services Ministers of our respective provinces. She brought to these interprovincial conferences a penetrating perception and understanding of complex issues, as well as the capacity to propose constructive solutions on a long-term basis.

• (2040)

Nancy played an important role in the development of community services in New Brunswick, particularly community services for the underprivileged of our society, whether they were the intellectually or mentally handicapped. Her influence in this area was recognized, as mentioned earlier, by her community in 1986.

Senator Chaput-Rolland joins with me in telling her husband and her two lovely children, Harrison and Jennifer, whom she loved so much, how much we share their sorrow.

[*Translation*]

I thank Nancy for her friendship, for the joy she knew how to radiate and communicate to those close to her and to those she met. We loved you sincerely and bid you farewell, Nancy.

[*English*]

Hon. James W. Ross: Honourable senators, my friendship with Nancy Teed, to whose work and dedication we pay tribute today, began during her years as a member of the New Brunswick legislature. I developed an admiration for her as an energetic worker for New Brunswickers of all walks of life and a kind and friendly person who took the time to genuinely understand those who came to her for help and advice.

During my time in this chamber, I became one of those persons who benefited from her counsel and encouragement, and our friendship deepened.

Her love of New Brunswick, her respect for government and its institutions, and her enthusiasm for her causes were always evident. She was stirred most when she learned of people being treated unfairly, especially by government.

Nancy was inspired and sustained by her husband, whose enthusiasm and high ideals matched her own. Her children were a joy to her, and my thoughts and prayers are with her family today. This is, indeed, a tragic loss for all of us.

Nancy's passing has reminded me of the importance of eternal values in a life which is often too short. While this is a time of great sadness, I shall always be thankful for my association with this caring and exuberant New Brunswicker and friend.

Hon. Joyce Fairbairn: Honourable senators, I attended, with great sadness, the funeral service in New Brunswick this morning, along with many others in this house, for our Senate colleague, Nancy Teed, who died last Friday in a highway accident in her province. As others have said tonight, I was stunned when I heard the news.

Today's occasion was a very moving experience. The evidence of outpouring of support and sympathy from her province and her community indicated the regard and the respect in which she was held.

Nancy had already made a substantial contribution to her province and her area as a member of the New Brunswick legislature from 1978-87, elected at the tender age of 28. She became a Minister of Social Services and then Health and Community Services in the government of our late Senate colleague and former Premier, Richard Hatfield.

Nancy's advocacy on behalf of fairness for women, for children, and for all of those who are disadvantaged within our society was always her central concern.

Nancy came to this place in 1990 as our youngest colleague. She had already packed an enormous amount of public service into a very short time.

Nancy, as I came to know her in the last two years, was committed to her party and to her work in the Senate for the province of New Brunswick. She was bright, warm, generous, with a very infectious sense of humour — and she was only 43 years old. Who knows where her new path here would have led her in the years ahead.

But far beyond her work and her political life, Nancy was the wife of Bill and the mother of Jennifer and Harrison, and they, ultimately, came first. What a truly incredible loss this is for them, and that was impressed on all of us who met them this morning. As one sends our sympathy to them today, I am conscious of how inadequate those words are, particularly to young children. But, nonetheless, in her memory we offer our encouragement and hope as her family begins to rebuild their life together.

Honourable senators, as Nancy was travelling to hear the speech that Bill was scheduled to give, she was driven by a young lawyer from New Brunswick named Stephen Smith. He, too, was killed in this accident. His funeral, I believe, will be held tomorrow. I wish to extend to his family and loved ones, who were also at the funeral today, our sympathy and our concern.

Hon. Richard J. Doyle: Honourable senators, it is still considered somewhat vulgar to speak publicly about the time of the troubles in this chamber — the long nights when we danced to the music of the cow bells and the kazoos.

It was, however, during those troubles and because of those troubles that Senator Teed came to be one of us. Had she not come at that time, it is certain that the Prime Minister would not have long overlooked the talent and the industry of the former minister of health for New Brunswick.

It was my good fortune that Orville Phillips assigned the newly-sworn senator to the seat directly behind mine and thus launched a two-year conversation that filled the great gaps in my education about the mighty Maritime provinces of this noble federation.

Others who have spoken today are better qualified to remind us of Senator Teed's contributions to the region she served so well. We have all been witness to her role in this chamber in the national interest.

Honourable senators, what I would want to add is a tribute to the cheerfulness, the buoyancy, the optimism, what Senator Lavoie-Roux called the "high spirits", that Senator Teed provided to the work we do. Hey, this was an irreverent lady. In those days of the troubles, she could break up all around her with a stage-whispered comment on the disaster, Conservative or Liberal, of the moment. It is no small thing to be a happy person; it is a contribution beyond measure to pass happiness on.

[*Translation*]

Hon. Jean-Maurice Simard: Honourable senators, I knew, and we all knew Nancy Teed as a person who was deeply religious, generous, and an enlightened minister, and although as such she served the entire province, she was an outstanding representative of the city of Saint John in the New Brunswick Legislature. She was a politician who never forgot her roots and the constituents who sent her to Fredericton.

Senator Robertson and others can testify to her formidable talents and tireless dedication which we were all able to appreciate, both here in the Senate and in New Brunswick. I believe we can say that she enriched our hearts and our minds. She was a dynamic woman. She was always an inspiration, even in difficult moments. That is why I wish to pay tribute to the memory of Nancy Teed.

At 29, she was elected to represent the riding of Saint John in Fredericton. She more than lived up to the expectations of her constituents. I know that in the hereafter, she will continue to watch over us and to work for her country, her province and her city.

[*English*]

• (2050)

Hon. John Lynch-Staunton (Deputy Leader of the Government): In August and September of 1990, 24 senators were appointed to this place. Their first introduction to it as members was unprecedented, as it was immediately followed by many extraordinary events and exchanges that were to last many weeks.

If I am reminded of this period, it is because it also had a positive side in human terms. By their lack of experience, their unfamiliarity with their surroundings and the dislocation that their family, business and professional lives suffered, the 24 were drawn together closely by the commonality of their concerns. Close acquaintanceships and friendships were established, which continue even stronger to this day.

No one brought more energy and affection to this group, or more concern for its anxieties and frustrations, than Nancy Teed. Although she herself was confronted with long, painful absences from her husband and two young children, and from business activities that required a presence that she could not give, Nancy Teed never complained. She felt privileged to be here. Her enthusiasm and commitment spread to the rest of us and was instrumental in allowing us to get through our difficult initiation period.

The Bishop of Fredericton, in his address at the service this morning, spoke of it as being one of thanksgiving. I certainly give thanks for the privilege of having known Nancy; of sharing so many happy moments with her; and especially of being imbued with her youthful radiance and her gentle personality. Her commitment and sense of purpose were of the highest order. Colleagues, may we all be inspired by her — a warm, loving person and a devoted public servant.

Hon. Noel A. Kinsella: Honourable senators, as a native son of the city of Saint John, I would want my tribute to Nancy Teed to be the placing on the record of the tribute that the people of Saint John extended to the Teed family and the Smith family over these past four days and in such a marvellous way today at Trinity Church in Saint John.

SENATORS' STATEMENTS

K.D. LANG

RECIPIENT OF AMERICAN MUSIC AWARD

Hon. Earl A. Hastings: Honourable senators, I rise to draw the attention of the Senate to a distinguished Albertan; k.d. lang of Consort, Alberta, was recognized at the American Music Awards' dinner last Monday at Los Angeles by being named the best new adult contemporary artist of America.

I am sure honourable senators would wish to join members of the other place in offering congratulations and best wishes to this accomplished Canadian performer in being honoured with this prestigious award by her colleagues, the Artists of America.

Hon. Senators: Hear, hear!

VETERANS AFFAIRS

CANADIAN VETERANS OF HONG KONG — REFUTAL OF ALLEGATIONS OF COWARDICE

Hon. Jack Marshall: Honourable senators will no doubt be aware of an article in the local newspapers, taken from the London *Sunday Times* on January 31, which cites a report, just released, written by the Commander of the British, Canadian and Indian forces at Hong Kong, that surrendered to the Japanese on Christmas Day 1941.

General Christopher Maltby, writing a year after the surrender, accused the two Canadian battalions involved in the defence of the island of cowardice, drunkenness and near-mutiny.

The Canadian veterans of the Hong Kong battle are outraged at these allegations, and they have every right to be. The Japanese invaded Hong Kong in December 1941 with a numerical superiority of about three to one. Against such overwhelming odds, the Canadians fought with courage and determination. Carl Vincent, who has written the definitive study of the Canadians in Hong Kong, entitled *No Reason Why*, has written the following:

> The two Canadian battalions performed the bulk of the fighting for the Island, particularly during the first five days...the Royal Rifles executed more counter-attacks than the British and Indian battalions combined, and the Winnipeg Grenadiers had the next greatest number...
>
> (The battalions) only halted or withdrew under the most grave circumstances. It is a fact...that whenever the Japanese ran into problems it was usually the Canadians who were responsible.
>
> When the Japanese...commanders, whose standards were extremely high, recorded "strong opposition", "fierce fighting" and "heavy casualties", they were almost always referring to the fighting against the Canadians.
>
> It is a very conservative estimate to say that at least half the Japanese casualties...were incurred in battles against Canadian troops.

It should also be remembered that the only Victoria Cross awarded for the Battle of Hong Kong was awarded posthumously to Company Sergeant-Major J.R. Osborn of the Winnipeg Grenadiers, who threw himself on a Japanese grenade in order to save the lives of a group of his men.

Hong Kong veterans have spoken out with passion and conviction. Their words attest to their perseverance and courage under fire. Approximately 50 years later, they are being forced to defend their war record and that of their dead comrades. Of the 2,000 Canadians who fought, 300 were killed, 500 wounded and another 260 died under horrible conditions in prisoner-of-war camps. They were all valiant men who performed their duty with the greatest of courage.

• (2200)

Let their memory not be sullied, honourable senators; rather let us remember them as fine soldiers who made the ultimate sacrifice for future Canadian generations.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, to paraphrase the Reverend John Donne, I say to the government, ask not for whom the election clock ticks; it ticks for thee. For 76 days now, this government has overstayed its welcome, and has thereby displayed what has been described by a member of that government, Senator Murray — and I would have to agree — as 76 days of cowardly and contemptuous behaviour by not calling an election.

ROUTINE PROCEEDINGS

NORTH AMERICAN FREE TRADE AGREEMENT

MACRO-ECONOMIC IMPACT OF THE CANADA-UNITED STATES FREE TRADE AGREEMENT—REPORT OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS TABLED

Hon. John B. Stewart: Honourable senators, I have the honour to table the Tenth Report of the Standing Senate Committee on Foreign Affairs respecting the negotiations for a North American free trade agreement between Canada, the United States and Mexico and any other related trade developments. It is entitled "Macro-economic Impact of the Canada-United States Free Trade Agreement."

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

On motion of Senator Stewart, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 258 residents of Alberta who object to the goods and services tax.

These petitions are mainly from Didsbury, Carstairs, Calgary, Lethbridge, Brooks, Nanton, Strathmore, Red Deer, Penhold, Coleman and Swan River.

These 258 citizens will remember, some day soon, that only by voting a Liberal government into office can they make sure this goods and services tax will be abolished.

PATENT ACT AMENDMENT BILL, 1992

PRESENTATION OF PETITIONS

Hon. Mario Beaulieu: Honourable senators, I have the honour to present a petition signed by 307 residents of Canada who support Bill C-91 — and probably the GST as well.

Twenty-three of the signatories are from the University of Alberta, 71 from Queen's University, all researchers, 44 from the University of Ottawa, 107 from Western University and 62 from the University of Calgary.

All these petitioners are in favour of Bill C-91.

[*English*]

QUESTION PERIOD

VETERANS AFFAIRS

INCLUSION OF DISCLAIMER IN REPORT OF SUBCOMMITTEE— GOVERNMENT RESPONSE

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Chairman of the Standing Senate Committee on Social Affairs, Science and Technology which I hope he will delegate to the Chairman of his Subcommittee on Veterans Affairs. It arises out of the report tabled on January 25, and I shall have my chance to make some observations about that report when it comes up for debate.

In the meantime, I draw to the Senate's attention that, in various places in the report, reference is made to the conclusions of the subcommittee — which is understandable — and some reference is also made to the members of the subcommittee. Someone reading the report on page i, for example, would think that I am a member of that committee.

Therefore, I want to draw to the attention of the Senate a matter I have discussed with the chairman of the subcommittee. After speaking with him, I am satisfied that it was an unintentional implication that I, and some other senators mentioned, joined with the conclusions of the members of the subcommittee. As a matter of fact, at the very first day of the hearings the chairman of the subcommittee permitted me to put on record a statement of the position of the Liberal Caucus on the question of the activities of this committee.

Therefore, my question to the chairman is this: Would he be willing to discuss with me some appropriate — to repeat the word used in the report — disclaimer, or at least explanation of the position that some members of the subcommittee took in the context of the activities of the committee and the recommendations made?

Hon. Jack Marshall: Honourable senators, Senator Frith did indeed call me today, indicating what he has just said. I looked up *Beauchesne's* Sixth Edition, and under the heading "Reports to the House" which would cover the tabling of our report, and the sub-heading "Preparation of Committee Reports", paragraph 870 reads:

> (1) It is the opinion of the committee, as a committee, not that of the individual members, which is required by the House, and, failing unanimity, the conclusions agreed to by the majority are the conclusions of the committee.

Senator Murray: It is covered in our rules as well, under rule 97(2).

Senator Marshall: Paragraph 871 goes on to say:

> If a member disagrees with certain paragraphs in the report, or with the entire report, this disapproval may be recorded by dividing the committee against those paragraphs to which objection is taken, or against the entire report, as the circumstances of the case require.

With all due respect, Senator Frith never attended the meetings when the report was being dealt with at the subcommittee stage or at the main committee stage. I cannot take a decision. I recognize and sympathize with Senator Frith's position, but I cannot answer his question other than to say that I am willing to cooperate in placing on record his position, if it is legal to do so.

Senator Frith: Honourable senators, perhaps the implication was not unintentional, as I had thought. I take it that the chairman of the committee acknowledges that a part of the committee's proceedings included the position taken by the Liberal members of the subcommittee and of the Liberal caucus, because it was the first thing that the committee dealt with.

• (2210)

There is no statement to that effect in the report, even though there is a narrative in the report. That aspect of the matter was not mentioned. Since the committee chairman is not prepared to clarify that, I will have to try to find some other solution.

Senator Marshall: Honourable senator, I don't think you should jump to that conclusion. Senator Bonnell, the deputy chairman of the subcommittee was present and in agreement with the conclusions reached by the subcommittee. Indeed, when it came before the subcommittee, he attended and took part in the overview of the report itself, and everyone was in complete agreement.

When I tabled the report, I indicated very clearly that I was willing to satisfy Senator Frith's concern; however, I am not in a position to make the decision as to how that will come about.

GENERAL ELECTION

INTENTIONS OF PRIME MINISTER

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate.

The Prime Minister has been described in many ways using many metaphors —

Senator Berntson: Including, "the next Prime Minister".

Senator Frith: I say that the Prime Minister has been described in many ways, and Senator Berntson says, "including the next Prime Minister." What is the antecedent? What includes the next Prime Minister?

Senator Berntson: I said that he will also be described as "the next Prime Minister".

Senator Frith: That certainly is a metaphor. I think a "fantasy" would be a better word.

In any event, he has been described, often metaphorically, using animals or parts thereof. However, one metaphor neither I nor any Canadian would use to describe him is chicken, at least not until now.

Can we therefore assume that he will back up his boasts of being able to defeat the Leader of the Liberal Party by leading the Conservative Party in the next election?

Hon. Lowell Murray (Leader of the Government): That would certainly be my advice to him.

SOCIAL AFFAIRS

RENEWAL OF SENIORS' INITIATIVE PROGRAM—GOVERNMENT POLICY

Hon. Gildas L. Molgat (Deputy Leader of the Government): Honourable senators, my question is to the Leader of the Government. In 1988, the Honourable Jake Epp, on behalf of the government, announced a program called the Seniors' Initiative. That program contained many different seniors programs such as New Horizons, the Seniors Independence Program, funding for the National Advisory Council on Aging and the Seniors Secretariat, and also the Seniors' Independence Research Program. That program was announced in 1988 as a five-year program, so it is coming to an end soon.

Could the minister inform us of the intentions of the government with regard to this program, which has been extremely helpful to seniors across the country?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not aware of any changes that are planned in these programs. However, my friend can expect to see the Main Estimates for 1993-94 tabled this month. We will then know in more detail the intentions of the government with regard to the programs.

Senator Molgat: As it was originally planned as a five year program, can the minister find out whether it is the intention of the government to renew it for another five years?

Senator Murray: Yes, I can make inquiries of my colleague Mr. Bouchard, and I shall do so.

UNEMPLOYMENT INSURANCE

PROPOSED AMENDMENTS—GOVERNMENT POSITION

Hon. L. Norbert Thériault: The Leader of the Government in the Senate stated that he gave advice to the Prime Minister. I wonder if part of that advice would be that the government not proceed with its proposed amendment to the Unemployment Insurance legislation?

Hon. Lowell Murray (Leader of the Government): Honourable senators, on the contrary. As a member of the cabinet, I fully support the initiative announced by the Minister of Finance, Mr. Mazankowski, in his December statement, and I invite the honourable senator to consider seriously the excellent arguments that will be put forward when the bill is before this place in a little while.

Senator Thériault: Honourable senators, my second question would have been whether the government will commit itself not to present that legislation to this house. However, since the Leader of the Government in the Senate has already said that he will, would he advise us whether the government intends to take into consideration the recommendations being made to it by a group of members from Quebec who are opposing the legislation?

Senator Murray: Honourable senators, I am not sure it is accurate to describe those members as "opposing the legislation." There is no doubt that some of them have legitimate concerns, which are being discussed with the Minister of Finance and the Minister of Employment and Immigration, and of course those concerns will be taken fully into consideration.

I recognize the honourable senator's interest in the matter and, without having consulted anyone on this side, I put forward the thought that a pre-study of this legislation might be in order.

Senator Thériault: Honourable senators, I will offer some advice to the Leader of the Government in the Senate to pass on to the Minister of Employment and Immigration: If he wants to be sure that he is defeated in the next election, proceed with that legislation.

UNITED NATIONS

CRITICISM OF PEACEKEEPING OPERATIONS— GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: Honourable senators, since leaving the service, General MacKenzie has made some rather sharp criticisms of the United Nations respecting its administrative and diplomatic processes in support of the peacekeepers in the field. Are General MacKenzie's criticisms of the United Nations' processes shared by the Government of Canada?

Hon. Lowell Murray (Leader of the Government): Honourable senators, if my friend is seeking a yes or no answer, then the answer would have to be no.

Frankly, these criticisms that he has now made were not brought to the attention of the Department of External Affairs at the time of the general's service as the Canadian Commander, or since.

However, in any case, I think all honourable senators recognize that peacekeeping is becoming more complex and that we have to work with the United Nations to see what changes will be necessary if this level of peacekeeping activity is to be maintained.

In the course of a Notice of Inquiry which we discussed here some weeks ago concerning Somalia, I referred to the document issued in August by the U.N. Secretary General, Mr. Boutros Boutros-Ghali, called "Agenda for Peace." That document is an example of some of the work that is going on at the United Nations.

• (2220)

The United Nations is now in Somalia in a rather unusual peacekeeping mission, better described as a humanitarian and enforcement mission. We hope it will be followed by a peacekeeping mission. It is becoming more complex, as the honourable senator and others realize.

It is not at all constructive to be taking cheap shots at the people in the United Nations. They are doing their best within a new context for international action.

Senator Grafstein: Perhaps I should bring to the attention of the Leader of the Government that the criticisms made by General MacKenzie had indeed been made prior to his leaving the service. In fact, in a muted way, he raised the same pointed criticism in questions before a committee of the Senate in its exploration of peacekeeping under the process of the United Nations.

I ask the Leader of the Government in the Senate to bring to the attention of the government, the record of the Senate committee, the questions to General Mackenzie, and his answers with respect to the same matter. If the senator will examine the records of that committee, he will see that there were other muted criticisms by other members of the military establishment dealing with the same matter. Perhaps it might be useful if the Leader of the Government examined that record, referred it to the government, and then came back to us.

Senator Murray: I trust we are talking about the same thing. I am talking about accusations made by the general regarding incompetence and mismanagement by the UN in peacekeeping operations. My statement on behalf of the Secretary of State for External Affairs is that those accusations were not conveyed by the general to the Department of External Affairs while he was on active duty.

More important than that is to state again that the Honourable Barbara McDougall's experience is that the UN secretariat staff responsible for peacekeeping are of the highest quality and are doing an outstanding job in extremely difficult and new and unprecedented circumstances. We are feeling our way on these matters. The whole international community is feeling its way, whether in Somalia, the former Yugoslavia, or wherever.

I appreciate that in General MacKenzie we have a very competent military officer who would not have been given the responsibility that he was given if he were not competent. However, I deplore any controversies that might have the result of delaying or discouraging the UN from pursuing missions the world has hoped it would pursue since 1945 in trying to bring peace and order to parts of the world where they have broken down.

Senator Grafstein: I do not mean to belabour the point. In a statement to a committee of this place, the general made two important comments, whether they are labelled mismanagement and incompetence on behalf of the United Nations or not. He said there was not proper 24-hour surveillance of their responsibilities for the men in the field, which included our men under arms in places such as Yugoslavia. As well, there was not adequate preparation for placing Canadian military personnel in danger areas which might place them in harm's way. These were two very important and cogent criticisms. The latter criticism was not made, and the former criticism certainly was made before a committee.

I ask the Leader of the Senate to bring that to the government's attention, and perhaps he might respond after he has examined it more carefully.

AGRICULTURE

FINANCIAL ASSISTANCE TO FARMERS—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I address this question to Senator Barootes in his capacity as Chairman of the Standing Senate Committee on Agriculture and Forestry.

On January 27, 1993, Senator Olson was speaking on the crisis in prairie agriculture. Towards the end of his speech, I asked Senator Olson if there had been any encouragement given by Mr. Mayer, the Minister of Agriculture, when he appeared before the group of 13,000 Saskatchewan farmers assembled to discuss this whole serious problem. Senator Olson replied that the minister had offered absolutely nothing. He had simply said that there were financial problems.

Then Senator Barootes said, "$170 million." Would Senator Barootes tell us what that $170 million is that, according to him, was offered by the government?

Hon. Efstathios William Barootes: Thank you, honourable senator. I wish you had given me notice of this, because I had the information at that time. I will reiterate something from the ministerial statement of January 26. I just happen to have it at hand, fortuitously.

> The federal government has provided significant assistance to farmers to help them through the difficulties.

He is speaking of the present income difficulty.

> The federal government has announced an initiative with the province of Saskatchewan which would increase 1993 farm income in Saskatchewan by $170 million.
>
> This package includes $80 million to add a quality feature to 1993 crop insurance, which would cover the 1992 crop. As part of the agreement announced Jan. 25, 1993, the federal government and the province of Saskatchewan will work with producers to change GRIP. In addition, 1992 GRIP payments would be accelerated so that the final payments could be made in 1993. This would add $90 million to Saskatchewan's 1993 farm income.

Hon. H.A. Olson: That statement was made before the meeting, not at the meeting.

Senator Molgat: That is not really $170 million in new money. I understand the $90 million that was just mentioned is merely an acceleration of payment due to the farmers. It was due and promised to farmers, so it is certainly not new money. As well, the other $40 million will be paid for by the farmers themselves in future premiums.

It is farmers' money which they are giving in an accelerated way, as opposed to new money from the government.

• (2230)

If there is no further reply from Senator Barootes, I conclude that, indeed, it is not government money.

[*Translation*]

SUPPLY AND SERVICES

WITHDRAWAL OF FEDERAL PARTICIPATION IN COMMUNICATION—QUEBEC'S ONE-STOP SHOP

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable Senators, my next question is for the Leader of the Government in the Senate.

It seems that the government has decided to change its information system in the province of Quebec.

Since 1986, the government has relied upon a single service operated by Communication-Quebec, which has provided the people of Quebec with information concerning both the provincial and federal levels of government. Any Quebecer could query this one-stop shop and receive a reply.

Recently the Minister of Supply and Services seems to have changed his mind. From now on, the federal government will have its own information system. In my opinion, this is a backwards step at a time when budgetary restraints are being implemented and we are trying to improve our relations with the provinces.

Would the Leader of the Government in the Senate explain the rationale for the government's decision?

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable Senators, I am not 100 per cent sure that the change referred to by the Deputy Leader of the Opposition is a fait accompli.

I will look into this matter and report to the Senate in due course.

[*English*]

DELAYED ANSWERS TO ORAL QUESTIONS

Senator Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have replies to questions asked on January 26 by Senator Fairbairn regarding proposed changes to Canadian aid policy; by Senator Gigantès regarding a proposed film on the October Crisis by Telefilm Canada; answers to questions asked on January 28 by Senator Bonnell on the P.E.I. fixed link; and by Senator Molgat regarding the potential loss of federal transfer payments to provinces.

EXTERNAL RELATIONS

PROPOSED CHANGES TO CANADIAN AID POLICY— REQUEST FOR DETAILS

(Response to question raised by the Hon. Joyce Fairbairn on January 26, 1993)

As part of the government-wide restraint package announced by Finance Minister Mazankowski in December 1992, our foreign aid program is being cut back by 10% this year and next - for a total of $642 million over 2 years.

Canada remains deeply committed to international development assistance. Canadian foreign aid will still be some $3 billion each year. At the Prime Minister's instructions, the cuts will not affect humanitarian assistance for famine relief and the like. This means those most in need, like those in Somalia, will not be affected by budget cuts.

Ministers are currently reviewing the implementation of the cuts and decisions will be made and announced in due course.

As part of the review flowing from the cuts, the government is looking at updating our current aid policy that was put in place between 1985 and 1987.

In the last six years there have been a number of key changes in the world that affect our aid program. Some of these are:

- dramatic economic progress in some parts of South East Asia and Latin America;

- revolutionary change in the former Soviet Union and central and eastern Europe;

- new environmental focus following the UNCED conference in Rio;

- increased focus on human rights and democratic development.

It is responsible management for the government to reflect on these changes and update policy to keep it current — it does not mean that the government is overhauling its aid policy as some have tried to suggest.

Non-governmental organizations, universities and others are active in Canadian aid policy and these groups will be consulted as they have always been.

TELEFILM CANADA

PROPOSED FILM ON OCTOBER CRISIS — GOVERNMENT POSITION

(Response to question raised by the Hon. Philippe Deane Gigantès on January 26, 1993)

Pierre Falardeau is the director and scriptwriter of this project, entitled "Octobre". He has researched all available written documents on these events, including the book entitled "Pour en finir avec octobre" by Francis Simard, and contacted all parties involved, including Pierre Laporte's family.

Two of Pierre Falardeau's films, "Elvis Gratton" and "Le Party", have already received financial backing from Telefilm Canada. Both films met with success on screen.

This script was not written by FLQ members. Roger Frappier is not involved in this project.

Telefilm Canada has already helped financially in the development stage of "Octobre". This project is presently being evaluated. The ACPAV is the production house involved with this project.

PRINCE EDWARD ISLAND

FIXED LINK—ENVIRONMENTAL AND FISHERIES CONCERNS— GOVERNMENT POSITION

(Response to question raised by the Hon. M. Lorne Bonnell on January 28, 1993)

The Northumberland Strait Crossing Act, Bill C-110, which permits the federal government to assist in the development and operation of a fixed link between Prince Edward Island and New Brunswick, was introduced in the House of Commons on December 11, 1992.

Bill C-110 will begin second reading shortly and is expected to receive parliamentary approval in time to meet the construction schedule of the project.

FEDERAL-PROVINCIAL RELATIONS

POTENTIAL LOSS OF FEDERAL TRANSFER PAYMENTS TO PROVINCES—GOVERNMENT POSITION

Response to question raised by Hon. Gildas L. Molgat on January 28, 1993)

Preliminary results of the 1991 population census were released by Statistics Canada early in 1992. However, for many years Statistics Canada has been aware that all census counts (both in this country and elsewhere) miss a large number of people who ought to be counted.

Statistics Canada has done work for many years, in connection with each census, to estimate what is known as "coverage error", which is the number of people who are either missed or improperly counted in a census.

Statistics Canada has now developed a methodology for estimating the number of these people.

On January 15 of this year, the Chief Statistician advised provinces that he was now satisfied that the quality of the 1991 census would be clearly improved by adjusting for "coverage error" using this methodology. Accordingly, the final 1991 census number for the population of Canada will now include about another 1,000,000 people with final data to be released this coming September. This adjustment will be permanent and carry forward for future censuses.

Statistics Canada's intention of expanding the work was made known in 1990, well before the census, and they also indicated that 1991 census counts would be adjusted for coverage error if this would improve the quality of Canada's population data.

Provinces were advised of Statistics Canada's intention in 1990 and were told by Mr. Wilson, who was Minister of Finance at the time, that beginning with 1991-92, they should expect the adjusted population data to be used in calculating federal payments to them.

These changes are being examined with a view to deciding how the new population data will be incorporated into transfer programs.

CANADA-UNITED STATES FREE TRADE AGREEMENT

U.S. HARASSMENT OF CANADIAN EXPORTS—GOVERNMENT POSITION—REQUEST FOR ANSWER

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Is there not a delayed answer on the matter of the U.S. harassment of hog shipments?

Hon. Lowell Murray (Leader of the Government): We shall answer that question tomorrow.

ROUTINE PROCEEDINGS

[*Translation*]

TAXATION AND ECONOMIC DEVELOPMENT

POSITION OF OFFICIAL OPPOSITION — NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiry:

Hon. Jean-Maurice Simard: Honourable senators, I give notice that on Wednesday next, February 10, 1993, I shall call the attention of the Senate to the shameful cynicism that Official Opposition in both Houses of the Parliament of Canada and the Leader of the Liberal Party of Canada, Mr. Jean Chrétien, continue to display, especially as regards taxation, economic development and the serious danger posed by the combined debt of the federal and provincial governments.

[*English*]

ORDERS OF THE DAY

PATENT ACT AMENDMENT BILL, 1992

THIRD READING—MOTION IN AMENDMENT OF SENATOR HÉBERT NEGATIVED

On the Order:

Resuming the debate on the motion of the Honourable Senator Beaulieu, seconded by the Honourable Senator Teed, for the third reading of Bill C-91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters.

And on the motion in amendment of the Honourable Senator Hébert, seconded by the Honourable Senator Gigantès, that Bill C-91 be not now read a third time, but that Clause 4 of the Bill be amended by adding, immediately after line 40 on page 3, the following:

55.3(1) It is not an infringement of a patent for any person to use the invention for which the patent is obtained for the purpose of producing a specific article for export to a country that the Minister has certified by notice published in the *Canada Gazette* to be a country that grants patent protection substantially equal to that granted by this Act, if

(a) any patent rights granted in that country for the same invention have expired prior to the use;

(b) the person gives notice of the use, in the prescribed manner and within the prescribed period, to the patentee, the Minister and, where the invention pertains to a medicine within the meaning of subsection 79(2), the Minister of National Health and Welfare;

(c) any article produced by the use is exported to that country within the prescribed period after it is produced; and

(d) the person complies with such other conditions as are prescribed.

(2) It is not an infringement of a patent for any person to sell any article that is produced by the use of an invention in accordance with subsection (1) to a purchaser in a country that the Minister has certified by notice published in the *Canada Gazette* to be a country that grants patent protection substantially equal to that granted by this Act, if

(a) any patent rights granted in that country for the same invention have expired prior to the sale;

(b) the person gives notice of the sale, in the prescribed manner and within the prescribed period, to the patentee, the Minister and, where the article is intended or capable of being used for medicine or for the preparation or production of medicine, the Minister of National Health and Welfare;

(c) the article is sold for use or consumption in that country and is exported to that country within the prescribed period after it is produced; and

(d) the person complies with such other conditions as are prescribed.

The Hon. the Speaker: Honourable senators, pursuant to the order adopted last Thursday, the bell will ring for 30 minutes, unless it is your wish to amend the order.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): We would be agreeable to a 15-minute bell in view of the hour.

Hon. William M. Kelly: Honourable senators, I suggest we make it 20 minutes.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker: Call in the senators.

• (2240)

Motion in amendment of Senator Hébert negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Lawson
Bonnell	LeBlanc
Bosa	Lewis
Cools	MacEachen
Corbin	Marchand
Davey	Molgat
De Bané	Olson
Fairbairn	Petten
Frith	Riel
Grafstein	Sparrow
Hastings	Stanbury
Hays	Stewart
Hébert	Stollery
Kenny	Thériault—29.
Kirby	

NAYS

THE HONOURABLE SENATORS

Barootes	Kinsella
Beaudoin	Lavoie-Roux
Beaulieu	Lynch-Staunton
Berntson	Macdonald (Cape Breton)
Chaput-Rolland	MacDonald (Halifax)
Cochrane	Marshall
Cogger	Meighen
Comeau	Murray
DeWare	Nurgitz
Di Nino	Oliver
Doody	Ottenheimer
Doyle	Poitras
Forrestall	Robertson
Grimard	Ross
Kelleher	Rossiter
Kelly	Simard
Keon	Sylvain—34.

ABSTENTIONS

Nil

• (2250)

MOTION IN AMENDMENT OF SENATOR GIGANTÈS—VOTE DEFERRED

On the Order:

Resuming the debate on the motion of the Honourable Senator Beaulieu, seconded by the Honourable Senator Teed, for the third reading of Bill C-91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters.

And on the motion in amendment of the Honourable Senator Gigantès, seconded by the Honourable Senator Hébert, that Bill C-91 be not now read a third time, but that it be amended by deleting clauses 11, 12 and 13 on pages 21 and 22.

Hon. Consiglio Di Nino: Honourable senators, much has been said concerning the date of December 20, 1991, and the transition provision of Bill C-91. Let me again put some facts on the record. The pharmaceutical industry became aware of the provisions affecting the granting of compulsory licences on December 20, 1991 when Arthur Dunkel made public the text of the GATT provisions. The Government of Canada reiterated its endorsement of this provision on January 14, 1992, followed by the introduction of legislation on June 23, 1992.

The NAFTA text, agreed to eight months later, reflects the GATT text and also requires that the date of December 20, 1991, as it affects the granting of compulsory licensing, be respected.

The new rules of GATT and NAFTA require that participants ensure that their patent regimes do not discriminate between the fields of technology; that is, between sectors. The Canadian Patent Act clearly discriminates against the pharmaceutical sector through its specific compulsory licensing provisions.

The requirement for non-discrimination must be implemented on the date of entry into force of NAFTA, or one year after the date of entry into force of GATT. This would mean that all compulsory licences for pharmaceutical products would have become illegal on the effective date of the new legislation were it not for the transitional provision.

As a result of the specific transition provision, the GATT text disallows only those compulsory licences issued after December 20, 1991. It effectively grandfathers all authorizations issued before that date.

It must be remembered that the generics still have the right to market any product once its patent protection expires. We are dealing here with a delay in the introduction of generic products in the market, not their abolition.

The transition provision contained in the GATT and NAFTA texts achieves a number of important results. It facilitates the adaptation of the generic industry to the new law by allowing them to continue to sell copies of patented drug products for which compulsory licences have been issued prior to December 20, 1991, some of which are yet to be marketed in Canada.

It guards against any stakeholder taking advantage of the knowledge of the change in policy to circumvent the intent of the policy, to advance his or her position relative to others or to otherwise distort the marketplace while the legislation is being considered. Indeed, in 1992, clearly after the policy had been announced, the patent office received 291 compulsory licence applications, anywhere from four to nine times the normal amount.

The practice of using public awareness dates as effective dates for legislation is not unusual. It was used in the last pharmaceutical patent legislation, Bill C-22, and is regularly used in the implementation of government budgets. The provision gives more certainty in the marketplace by providing a fixed effective date, allowing stakeholders to make more informed decisions on investments for the future.

The provision also effectively strengthens patent protection now and stimulates investment from innovative firms at a critical time during global restructuring of the industry. Moving the effective date beyond December 20, 1991, or otherwise extending the transition period, would jeopardize new and existing investments by research-based companies. Bill C-91 has already resulted in investment announcements by these companies. In aggregate, they will increase investment over and above Bill C-22 commitments during the five-year period to 1996 by more than $650 million in manufacturing and R&D activities.

An agreement has been reached over a NAFTA text and we fully expect that a GATT agreement will also be reached. The government believes that both GATT and NAFTA will be ratified. These agreements will require that the date of December 20, 1991, as the effective date for the elimination of compulsory licensing, be respected.

Bill C-91, with its transition provision, not only represents a balance, it is also in the best interests of Canada. It is consistent with the emerging international consensus, provides for reasonable drug prices, improves the business climate in Canada to encourage investment and innovation in export manufacturing, and builds in a transition period for the generics. Bill C-91 will strengthen our biomedical research, placing Canadians at the forefront of health research and health care delivery. There can be no doubt that industry and trade measures can foster these health care objectives.

If we did not implement C-91 now and waited until GATT or NAFTA were ratified, we could then be faced with the situation where generic products introduced on the market under licences issued after December 20, 1991 would have to be removed from the market. If we did not implement Bill C-91 now, the innovative pharmaceutical industry might choose some other nation to invest in and the opportunities and assured jobs for thousands of researchers, scientists and trades people, et cetera, might go elsewhere.

This proposed amendment also raises the question of compensation to the provinces. The government has acknowledged that the delayed entry of generic products on the market as a result of Bill C-91 will bring an additional cost of $129 million over a five-year period to the health care system. However, these costs must be put up against the benefits of the new policy, including investment announcements made by the innovative sector exceeding $650 million.

There is therefore no reason to pay compensation for a measure that will bring net benefits to Canada as a whole and to the health care system. Had the government believed this bill would not bring net benefits to Canada, it would not have introduced this legislation.

There are many factors which contribute to overall health care costs. One should remember that patented medicines represent only three per cent of total health care costs. The government continues, through the National Pharmaceutical Strategy Initiative, to work closely with the provinces to contain the overall health care costs. The PMPRB has been given strengthened powers to monitor and control the prices of brand-name drugs at the entry level and during their marketing.

In closing, I would like to leave you with an excerpt from the testimony of the Minister of International Trade before the Senate committee examining this legislation. He said:

> Canada cannot stand still. Canada cannot ignore what is happening in other parts of the world. We had two events that were very clear. First, the restructuring and, second, the international consensus as reflected in the Dunkel text of the Uruguay Round in December 1991 that indicated that we were offside. If we were to participate in a favourable way in this restructuring, we had to put our house in order and deal with that.

Honourable senators, Bill C-91 puts our house in order.

[*Translation*]

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Beaulieu, seconded by the Honourable Senator Teed, that this bill be read the third time.

In amendment, it is moved by the Honourable Senator Gigantès, seconded by the Honourable Senator Hébert, that Bill C-91 not be read a third time now, but that it be amended by deleting clauses 11, 12 and 13 on pages 21 and 22.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, it seems to me that we have voted on Senator Hébert's motion in amendment. We are now debating Senator Gigantès' motion.

The Hon. the Speaker: That is right. That is the one Senator Di Nino just spoke on. Is it your pleasure, honourable senators, to adopt Senator Gigantès' motion in amendment?

Some Hon. Senators: No.

Some Hon. Senators: Yes.

The Hon. the Speaker: In my opinion, those honourable senators opposed to the motion have it.

And two honourable senators having risen.

Hon. Jacques Hébert: Honourable senators, could the vote be deferred until tomorrow?

Hon. Lowell Murray (Leader of the Government in the Senate): Agreed.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, he has the right to ask.

The Hon. the Speaker: It is moved by the Honourable Senator Hébert that the vote be deferred until tomorrow at 5:30 p.m.

[*English*]

Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Lowell Murray (Leader of the Government): Your Honour, the rules provide that, at the request of either side, a vote may be deferred. It is not a question of our agreeing or not agreeing.

Hon. Royce Frith (Leader of the Opposition): But we could agree to have it earlier if the whips want it earlier; that is, you could have it at 4:30 instead of 5:30. That is up to the whips.

MOTION IN AMENDMENT OF SENATOR COOLS—VOTE DEFERRED

The Hon. the Speaker: Honourable senators, now we are back on the main motion. It was moved by the Honourable Senator Beaulieu, seconded by the Honourable Senator Teed, that this bill be read a third time.

Hon. Anne C. Cools: Honourable senators, I rise to add my voice to those who stand in opposition to Bill C-91. I am

certain that my opposition to the bill will not surprise many of you, because at second reading I outlined my concerns.

I want to begin by saying that the efforts of the government and those of the multinational companies — in particular the PMAC — continue to floor me. Throughout this debate and during testimony at the committee, we have witnessed what I can only describe as stark contrasts and overwhelming contradictions.

Honourable senators, I listened attentively to the presentation made by the PMAC in favour of this legislation. Many of us believe they are the promoters of this legislation. The presenters on their behalf included Dr. John Evans, Chairman of the Board of Allelix Biopharmaceuticals.

I want to express to this chamber my very profound personal respect for Dr. Evans. Dr. Evans is a man whom I hold in enormous esteem. He is both eminent and able. I had the unusual and rich experience of once running against him for a Liberal nomination in Toronto. It was a very tough fight at the time, but I am pleased to say it was a clean fight. From that day to this, I have respected Dr. Evans.

He was the founding dean of the McMaster University Faculty of Medicine and is a past president of the University of Toronto. I want to take the opportunity to congratulate him on his receipt of the 1992 Gairdner Foundation International Award — the Wightman Award.

In addition to Dr. Evans, the PMAC was represented by Mrs. Judy Erola, well known to most of us. In addition, there was Jacques Lapointe, President and Chief Executive Officer of Glaxo, and Michael Tarnow, President of Merck Frosst Canada Inc.

Honourable senators, on learning how much these multinational corporations stand to benefit from the passage of this legislation, it becomes easy to understand their enthusiasm. We heard in committee that they believe this is fair and balanced legislation. They believe it is an equitable compromise between the needs and objectives of PMAC companies and those of the generic sector. We also heard how PMAC members strongly object to the statement that the measure is in any way retroactive. We heard them say that 87 per cent of Canadians approve of the government's efforts. We heard them say 81 per cent favour bringing Canada's patent law up to international standards. As we listened, I had the sensation that the polls were suspect. We also heard from PMAC that Canada and Canadians need Bill C-91.

In sharp contrast and contradiction, we heard from other Canadians opposed to Bill C-91. They gave testimony in sharp contrast to that of PMAC and that which is supported by the government. It is their testimony, honourable senators, I have chosen to believe.

We listened to the Honourable Russell King, Minister of Health for New Brunswick describe Bill C-91 as unfair legislation. I shall quote from his testimony:

> It is unfair to consumers and it is unfair to provincial and territorial governments which are, by any definition, struggling to surmount the budget squeeze between the cost of health programs and our ability to fund them.

He also told the committee:

> In the interest of the Canadian public, this bill should be turned down by the Senate.

The committee also heard from Kathleen Connors, President of the National Federation of Nurses Unions. She told us that her organization is concerned about Bill C-91 and what it will mean for health care delivery in this country. She said:

> We are concerned that the passage of Bill C-91 will increase the cost of pharmaceuticals to the Canadian public.

Honourable senators, the contrast and the contradictions continue. Despite the assurances given by PMAC, Mrs. Hazel Wilson of the Canadian Seniors Network said:

> Certainly, older people will be affected by the drug increase that is anticipated as a result of the passage of Bill C-91.

She added, "My plea is for you to look at people when you are making your decision."

Honourable senators, we heard impressive testimony from the Honourable Wayne D. Cheverie, Minister of Health and Social Services of the province of Prince Edward Island. He said:

> Any of the projected drug cost increases as a result of the passage of Bill C-91 will have a potentially devastating effect on both the government of the province of Prince Edward Island and the people of my province. A large number of residents on a fixed income in a province with limited financial flexibility, combined with the indisputable increase in drug costs, will create serious problems for Prince Edward Island's health care system.

Honourable senators, on the same day, the National Anti-Poverty Organization appeared. They told us how Bill C-91 will hurt the working poor. We also heard how Bill C-91 will weaken those on unemployment insurance, the self-employed and those on social assistance. They said:

> Basically, we fail to understand why the federal government keeps telling us there is a crisis in our health care system and we can no longer afford additional costs, and then goes ahead and introduces a bill that, in our opinion, will actually increase costs without providing benefits to offset those costs.

Contrasts and contradictions, it seems, honourable senators, are apparent to almost everyone — everyone except this government and its best beloved lobbyist, the PMAC and Mrs. Erola.

Finally, honourable senators, I wish to draw your attention to the testimony of the Canadian Drug Manufacturers Association. They informed us how, in 1969, the Liberal government of the day introduced compulsory licensing, and this resulted in the establishment of a Canadian-owned drug industry. We heard how Canada is their head office, their home base, and how their industry exports from Canada. They told us how this Canadian government is disadvantaging Canadian industries through the implementation of Bill C-91.

Honourable senators, in this continued saga of contrasts and contradictions we have Dalton Camp, a former adviser to this Conservative government. He is a friend, I assume, of the senators on the other side. He is certainly no friend of our side.

As honourable senators will recall, I quoted from Mr. Camp when I spoke to this bill at second reading on December 16, 1992. Honourable senators, I should like to quote from Mr. Camp again from an article published in the *Toronto Star* on December 13, 1992, entitled : "Champions of Drug Bill offering Sick Arguments." Mr. Camp's article states that in reference to members of Parliament — and I am afraid that the same can be said of honourable senators on the other side — that:

> The notion persists that they do not know enough, or care enough, and have been bullied into docility. Otherwise, they would be looking more deeply into Bill C-91, while aligning themselves on the side of the consumer. For a change.

In the same article there is a rare and unusual moment of Tory magnanimity when Mr. Camp praises Pierre Elliott Trudeau, who was Prime Minister when the 1969 compulsory licensing bill was passed. Mr. Camp says:

> The so-called generics were encouraged by the once philosopher-prime minister Pierre Trudeau who, even though he lived in Montreal, was prepared to shrug off the threat and blandishments of the multinationals. For this reason, some will argue, Canadian drug prices are significantly lower than in the United States.

Honourable senators, this bill is designed to assist the multinational pharmaceutical industry, those who manufacture medication which prevent illnesses, yet it sickens Canadians. While the multinational drug companies applaud its introduction, this bill weakens Medicare and destroys our health care system. It knocks down the elderly and the poor and puts provincial health care at risk. Upon closer examination, we see that this bill represents everything that is wrong with this government. As Dr. King, the Minister of Health from New Brunswick said, "Bill C-91 is unfair legislation."

Honourable senators, there are many problems with Bill C-91. I conclude by drawing attention to one of the more bizarre aspects of this bill.

Honourable senators, in the House of Commons amendments were made to Bill C-91 that would permit the developing and testing of patented drugs prior to the expiry of the patent. I find this amendment disturbing in that the development and testing would be subject to a time period provided for by regulations made by the Governor in Council. The cabinet then would have complete discretion over the time a generic manufacturer would have to gear up in anticipation of the product's patent expiry date.

Honourable senators, we are being asked to approve a bill that would give cabinet ministers the authority to decide when generic companies should begin preparing their products for introduction into the market. This, honourable senators, is from the government of deregulation, the government that prides itself as the friend of the business community, a government that gives this cabinet extraordinary powers and attempts to disadvantage and eliminate an entire Canadian industry.

In reality, this legislation provides the power to the cabinet to delay the introduction of generic products for 22, 23, or even 25 years. What this says, honourable senators, is that Bill C-91 limits the ability of Canadian companies to compete in the Canadian market. The contradiction of a Canadian government disabling Canadian industries is overwhelming and shocking to anyone who believes in the fundamental principles of business and industry.

I want to propose an amendment that deletes the House of Commons amendments and returns the decision-making power back to the industry. This amendment in no way infringes or limits the patent period proposed in Bill C-91. The patent would continue for 20 years.

Honourable senators, I propose that we return to the generic companies the opportunity to develop the products and introduce generic medication when the patent does expire, instead of many years later, as proposed by this horrendous legislation.

Honourable senators, I move:

That Bill C-91 be not now read a third time, but that it be amended by deleting paragraph 55.2 at page two, and replacing it with the following:

55.2 It shall not be an act of infringement to:

(a) manufacture a product for the purposes of determining the capabilities of the manufacturer to manufacture the product in commercial quantities;

(b) use a process for the manufacture of a product for the purpose of determining the capability of the user to use a process for manufacturing commercial quantities of the product produced by the process; or

(c) use the products obtained by (a) or (b) above for the purposes of applying for regulatory approval or for the purposes of stocking the product for sale or commercial quantities.

Honourable senators, I ask for your support for this amendment. We, as senators, should send a strong signal to the people of our regions, to Canadian industries, to the disadvantaged and to many people who will be punished by the passage of this legislation.

Honourable senators, my ultimate desire would be that this bill be defeated. However, understanding the difficulty with that proposition, I would ask you to consider this amendment, which would make a slight improvement to this most discouraging and hard-hearted legislation.

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Beaulieu, seconded by the Honourable Senator Teed that this bill be read a third time;

In amendment, it is moved by the Honourable Senator Cools, seconded by the Honourable Senator Stanbury, that:

Bill C-91 be not now read a third time, but that it be amended by deleting paragraph 55.2, at page 2, and replacing it with the following:

Hon. John Lynch-Staunton (Deputy Leader of the Government): Dispense!

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say, "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say, "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

[*Translation*]

Hon. Jacques Hébert: Can the vote be deferred until 5:30 p.m. tomorrow, unless we agree on another hour?

[*English*]

The Hon. the Speaker: Pursuant to the Order of the house, the vote will be deferred until tomorrow.

MOTION IN AMENDMENT OF SENATOR BOSA—DEBATE ADJOURNED

[*Translation*]

The Hon. the Speaker: It was moved by the Honourable Senator Beaulieu, seconded by the Honourable Senator Teed, that the bill be read the third time.

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

[*English*]

• (2300)

Hon. Peter Bosa: Honourable senators, I would like to make a few remarks on Bill C-91 relating to the non-working of patents, the life of patents and evergreening, after which I should like to propose an amendment.

Section 65(2) of the current Patent Act states that the non-working of a patented invention is an abuse of the exclusive rights granted under a patent. This applies to all patented inventions. Clause 5 of Bill C-91 proposes to exclude pharmaceutical inventions from this definition of abuse. The new section 65(2) would thus grant special rights to the pharmaceutical industry resulting in "industry-specific" provisions. This is interesting in view of the fact that the Industry, Science and Technology Minister refused to write industry-specific provisions into the legislation to deal with the export issue on the basis that such legislation would be difficult under the terms of the GATT.

By deleting clause 5 from the bill, our amendment would eliminate the special rights granted to the pharmaceutical industry by this industry-specific clause. Neither the government nor any witnesses who appeared before the committee explained why such special privileges were required. We remain unconvinced that such a change is necessary and therefore we propose to abandon it. Clause 5 would be replaced with amendments to ensure that the life of a patent is 20 years from the date of application and to eliminate the possibility of evergreening.

Under Bill C-22, a patentee would receive 17 years of patent protection from the date of issue of the patent. Since the date of the patent could be months or years after the date of filing the application and is at the discretion of the patentee, the 17 years of patent protection could be much longer than that. Bill C-91 proposes to extend patent protection to 20 years, which, under the same rules, could also end up being months or years longer than that.

This amendment would ensure that patent protection is limited to 20 years from the date of filing of the application. The government contends that the intention of Bill C-91 is to provide 20 years of protection. Thus, our amendment should be acceptable to the government since it merely writes into the legislation that which was intended.

Our amendment also proposes to eliminate the possibility of evergreening — that is, extending the effective life of a patent by making minor changes to the drug. This process of evergreening can extend the true life of a patent from 20 years to 25 or even 30 years. This happens because there are four ways to protect a product: a patent on the product itself, a patent on the process of reproducing the product, a patent on the dosage or the way the drug is administered and a patent on the use to which the drug is put. Thus, once a patent exists on the product, one can be put on the process. Two years later, another patent can be placed on the dosage and another two years later a fourth patent is placed on the use to which the drug is put. This results in an extra four years over and above the legislated 20 years of patent protection.

Dr. Heinz Redwood, a former executive of a major British pharmaceutical firm, told the committee that evergreening would not stop the basic drug from being copied generically once the basic patent expires. While this is possible, it may not be worthwhile to copy the basic drug once the patent expires. With patent protection, the brand-name pharmaceutical company has the ability to shape the market to its advantage. It can market new dosages and forms of the drug, reducing the saleability of the basic form. Why would a generic firm bother to manufacture the basic drug 20 years after it is introduced when there is no market for it?

In conclusion, the purpose of this proposed amendment is to ensure that the government's objective is achieved; to ensure that patent protection is granted for 20 years and no more. Without this amendment we may find that drugs, such as enalapril, will receive a patent lasting longer than 20 years. The original enalapril patent was applied for in 1979 and granted in 1987. Under Bill C-91 the drug will have a monopoly until 2,007, 28 years from the date of application, as opposed to the intended 20 years.

Therefore, honourable senators, I move:

> That Bill C-91 be not now read a third time, but be amended by deleting Clause 5 of the bill at pages 3 and 4, and replacing it with the following:

[Senator Bosa]

> 44(1) Subject to section 46, the term limited for the duration of every patent other than a patent pertaining to a medicine, issued by the Patent Office under this Act the application for which patent is filed after the coming into force of this section shall be twenty years from the date of the filing of this application in Canada.
>
> 44(2) Subject to section 46, the term limited for the duration of every existing patent and patent to be issued by the Patent Office pertaining to a medicine, shall be twenty years from the date of the first filing of the application in Canada.
>
> 44(3) If a new patent issues or has issued regarding a product for which a licence application has been filed or issued, the licence will automatically be extended to include the new patent.

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

Hon. Earl A. Hastings: Honourable senators, I wish to take part in the debate, particularly with respect to the motion in amendment by my colleague. With that in mind, I would like to adjourn the debate.

On motion of Senator Hastings, debate adjourned.

• (2310)

EXCISE TAX ACT

BILL TO AMEND — SECOND READING — ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Hébert, for the second reading of Bill S-14, An Act to amend the Excise Tax Act.— (*Honourable Senator Cogger*).

Hon. Royce Frith (Leader of the Opposition): Perhaps Senator Cogger will tell us tomorrow whether he will go ahead with his intervention and, if not, if he is prepared to yield to others who may wish to speak.

Order stands.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

CONSIDERATION OF FOURTEENTH REPORT — DEBATE ADJOURNED

The Senate proceeded to consideration of the Fourteenth Report of the Standing Senate Committee on Social Affairs, Science and Technology *(The Valour and the Horror)*, which was tabled in the Senate on January 25, 1993.

Hon. Jack Marshall: Honourable senators, the opportunity to address the subject of the report of the Senate

Subcommittee on Veterans Affairs on *The Valour and the Horror* is most welcome because at last, by addressing the topic here in the Senate, I can avoid falling prey to the 30-second clips. In too many cases it conveys to the listener a different version of what was said. Likewise to the reader of the printed media, the version is often what the journalist wishes to convey.

My message also falls victim to the recent changes in the *Rules of the Senate* which restrict me to a 15-minute period. Therefore, I intend to adjourn the debate when warned by the Speaker that my time has expired, and continue tomorrow, hopefully to present, along with other members of the subcommittee, our thoughts on the production itself, as well as on those who participated.

I would like to take the opportunity to express my appreciation to a number of people who assisted in the preparation of the report, to address the "series of films", to try to explain why a simple television series has generated so much controversy and why so many Canadians, especially veterans, turned to the Senate Subcommittee on Veterans Affairs to voice their legitimate and justifiable concern over a film which they feel, and rightly so, dishonours their service to their country.

First of all, I wish to thank the members of the Standing Senate Committee on Social Affairs, Science and Technology for their confidence in the subcommittee and I express appreciation to the chairman, Senator Kinsella, for having given me the privilege of tabling the report on January 25, 1993. I recall as well the support of Senator Marsden, the former chair, who gave me the freedom to act on behalf of the committee in serving Canadian veterans, as does Senator Kinsella who is equally supportive.

I am also most grateful to the members of the subcommittee for their devotion to the cause over the past 11 months, in particular during the trying period in November when we heard the majority of witnesses. I refer to deputy chairman, Senator Bonnell, Senators Barootes, Phillips, Sylvain, Neiman and Doyle. As well, I wish to thank Senators Frith, Kinsella and Gigantès who attended meetings at different times.

I am sure I speak on behalf of the members of the subcommittee who are especially grateful to Senator Neiman, who was in touch with the subcommittee on a regular basis to offer advice and encouragement, despite her forced absence from many of the meetings due to illness.

The assistance of the staff of the subcommittee has been invaluable, in particular that of the clerks Tônu Onu and Patrick Savoie, who is still with us, serving the Senate in his usual efficient manner.

The team consisted of Peter Phelan, Administrative Assistant, who was a tower of strength throughout; our researchers being Mr. Grant Purves, who has been with the subcommittee since its inception and is thorough in his research and thoughtful in his writings, and historian Vince Rigby, whose knowledge and advice to the committee was most valuable. He earned the respect of all members of the subcommittee. Finally, my own staff researcher Janelle Feldstein and secretaries Laura Fox and Morley Verdier; all deserve honourable mention for their untiring efforts.

Certainly, most credit should go to those individuals who testified before the subcommittee. They deserve a vote of thanks. Most of them were veterans. They displayed great courage and determination while suffering through an ordeal which was entirely unwarranted. They have been the driving force behind our examination of the series. They provided the initiative and encouragement which injected into the subcommittee a determination to provide them with the hope that at least someone was willing to listen, in line with our responsibilities as senators.

When veterans came to the subcommittee to request a forum from which to respond to the allegations made in *The Valour and the Horror* — allegations that their leadership was incompetent and murderous, and that Canadian soldiers and airmen were untrained and undisciplined — the subcommittee knew it had not only a duty but an obligation to provide that forum, if for no other reason than that it fell within our mandate.

However, it was more than that, honourable senators, because as Canadians we should hold in the highest esteem the men who fought and gave their lives in order to preserve our freedom. Although Canada can never fully repay them for their sacrifice, we can at least offer them no greater respect than to remember their service. It is imperative that each generation know of our veterans' sacrifice and why it was made.

In short, we have a responsibility to tell their story, but always with accuracy, with fairness and with compassion. Those three principles were unfortunately seriously lacking in the series, despite their prominence in the journalistic policies of the CBC; fairness, accuracy and compassion.

Veterans came to the Senate subcommittee insisting that their story had been horribly distorted and misrepresented in the series *The Valour and the Horror*, and made a mockery of their oath of allegiance when they answered the call of their government. That oath states simply:

> I,_____do swear that I will be faithful and bear true allegiance to his/her majesty, his/her heirs and successors.
>
> SO HELP ME GOD.

To keep the matter in historic balance, honourable senators, we also heard from citizens who supported the film and who criticized vociferously the subcommittee. However, on average the response was at the rate of 80 per cent in favour of our action.

The subcommittee received hundreds of letters and briefs from veterans, historians, journalists and other Canadian citizens. We also received many hundreds of phone calls, the majority of which supported and encouraged the action taken by the subcommittee. It is important to note that the more than 1,000 who wrote, sent petitions, and gave evidence were representing many thousands of their veteran membership. For example, the spokesman for the Army, Navy and Air Force Association of Canada, which is the oldest veterans' association, represented some 40,000 members. The spokesman for the Royal Canadian Legion was speaking on behalf of some 1,750 branches and over 500,000 members, approximately one-third of whom were serving veterans in the Second World War.

While the National Council of Veterans Associations chose not to appear, after asking to appear, under the misconception that the subcommittee had no authority to act, many of the veterans' associations who are members of that group and specifically those representing the Air Force, justifiably incensed with the segment on Bomber Command, played a leading role and are still actively pursuing the debate with the CBC.

It should be recorded that the President of the Ottawa Chapter of the Royal Canadian Air Force Prisoners of War Association, Mr. Tony Little, was the first to contact me back in February to ask the subcommittee to take up the matter. His representation was followed by nine other air force groups, and their continuing interest should be applauded. They represent 25,000 airmen.

Messages and personal phone calls which came to me gave us encouragement. While I realize the danger of forgetting some, honourable senators will be interested to hear that outstanding leaders of the armed forces such as Generals Moncel, Rothschild and Kitching, and of a later vintage, Withers, Legge and General Mackenzie, also called with encouragement. That is to name just a few. They have been watching the debate with keen interest and distress.

• (2320)

In my opinion, all who took part in sponsoring this series of films should be ashamed, and should apologize to these major figures who lead the Canadian Forces to victory, side by side with our allies — something that is not depicted in the film.

I am sure honourable senators will be interested to learn that letters of dismay and anxiety came from outside Canada, from the United States, from Europe, and even from Africa; not only from veterans who served with Canadians but also from those who still pay tribute to our gallant forces who, along with our allies, saved them from the clutches of Hitler in his attempt to destroy their freedom.

It is interesting to note that we had a letter from a citizen of the Frisian Isles off the coast of the Netherlands. This should be required reading for the producers and partners in the financing of a $3-million film that they pretend is bullet-proof as far as truth is concerned. I will read from that letter, honourable senators, as I conclude. All the letters and briefs have been indispensable to our deliberations, and we are grateful for them, but this letter is very emotional and one which I read with interest. It is from a chap by the name of Groendijk from the Netherlands. It reads as follows:

Dear Senator,

"WE'LL NOT FORGET.

The above mentioned words were on the wreath, laid by the Mayor of our village and a brother of a buried English airman at the monument of the war grave cemetery "Vredenhof".

Every year at the 4th of May on 20.00 hours we have at this place a short remembrance, of those who gave their lives for our freedom.

Dear Senator, I think I must introduce myself first before I go further with this letter.

My age is 35 years, living and working on a small Frisian isle situated above the Dutch coast.

Here on this isle I am tending voluntary a war grave cemetery named Vredenhof which means translated "Garden of Peace".

On this grave-yard are buried sailors who died during the first World War and soldiers and airmen who died during the Second World War the most of them washed [ashore] during these dark days at our beach.

As the youngest member of our Remembrance Committee I started for about five years with a search after relatives of those here buried as there are now still people living who knew them and as we do not know anything about them.

"WE'LL NOT FORGET"

> ... The cemetery "Vredenhof" is a place where are resting about eighty of these victims, for us it will be always a place of reflection, in the hope it will happened never again, but too
>
> "WE'LL NOT FORGET"
>
> From a very good friend of mine (Doug Stallard) ...

Doug Stallard is a veteran from Nova Scotia.

> ... I heard that in your country is an opinion that these people who fight during the Second World War on sea land or air fighting to give us our freedom back are not accepted any more.
>
> In my opinion, as tender of a war grave cemetery and a member of our Remembrance Committee I think your country had to be very proud on such fellow country men.
>
> Here in Holland we are your countrymen still so grateful to liberate us from such a cruel occupation no deportations any more no starvation no censor etc etc.
>
> ... For us are those who survived and those who died for always our HEROES.
>
> ... Dear Senator I am ending this, for me so difficult letter, wishing you, your Senate, and the whole of the people of Canada all the best.

Honourable senators, in that little community of 800, 500 came out this year to pay tribute to Canadians, 50 years after the war. Surely that is a story for a film about Canada's soldiers.

I think my time is just about up, honourable senators. In case we adjourn today before I can finish, I would like to adjourn the debate and continue at the next opportunity. When I complete my discourse on this debate, I intend to introduce a motion asking the government to consider the recommendations and to report to the Senate within 60 days.

The Hon. the Speaker: Is leave granted for the adjournment by Senator Marshall?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I certainly have no objection at all to doing that, but I would like to make clear my understanding of the rule. You do not have 15 minutes each day; you have 15 minutes on whichever day you want to use it. However, I am quite prepared to give Senator Marshall more than 15 minutes.

Hon. Earl A. Hastings: Honourable senators, before the question is put, I would like to draw something to the attention of the speaker who has just finished speaking. In the *Minutes of the Proceedings of the Senate*, your report is referred to as *The Value and the Horror* in two places. Someone should see that it is corrected, because the error is being repeated every day.

Senator Marshall: I am glad you drew that to my attention. I did not notice, but I will look into it.

On motion of Senator Marshall, debate adjourned.

PATENT ACT AMENDMENT BILL, 1992

NOTICE OF MOTION TO ALLOCATE TIME

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I would inform the house that discussions have been held between myself and my honourable friend opposite, the Deputy Leader of the Opposition, in attempting to arrive at a mutual agreement as to when the debate on Bill C-91 might conclude, in order that we might bring the matter to a vote. Unfortunately, we have not been able to come to an agreement.

Therefore, pursuant to the provisions of rule 39, since there has been no agreement to allocate time for the consideration of the third reading stage of the bill, I give notice of the following motion:

> That, pursuant to the provisions of rule 40, in relation to Bill C-91, an Act to amend the Patent Act, to amend another act in consequence thereof and to provide for other related matters, not more than six further hours of debate be allotted to the consideration of the said bill at the third reading stage;
>
> That, when the debate comes to an end or when the time provided for the consideration of the third reading stage of the said bill has expired, the Speaker shall interrupt, if required, any proceedings then before the Senate and put forthwith and successively every question necessary to dispose of the said stage of the said bill;
>
> That any recorded vote or votes on the said questions shall be taken in accordance with the provisions of rule 40 (4).

• (2330)

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I should like to ask the Leader of the Government in the Senate a question.

Two deferred votes are to be held at 5.30 tomorrow. Presumably, at that time we will be into debate on the closure motion. Are the deferred votes to be taken at 5.30, while the closure motion is suspended? Where do we stand?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the hour is late. I do not have the rule book in front of me. I was asking myself the same questions before my friend sought to ask them. I should like to sleep on them. If he could forbear with me, and us, overnight, we could have a word about it early in the morning.

Senator Molgat: I have had a difficult time finding the answer from the rule book.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, February 3, 1993

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the Canadian people should be given a medal for their patience. For 77 days this government has overstayed its welcome — 77 days of its own admitted, contemptible, cowardly disregard for democracy — by staying past the time the government itself stated that an election must be held.

HEALTH AND WELFARE

UNIVERSAL FREE VACCINATION FOR U.S. CHILDREN— VEHEMENT OPPOSITION BY DRUG COMPANIES

Hon. L. Norbert Thériault: Honourable senators, I should like to place on the record a statement that appeared in the Toronto *Star* on February 3, 1993:

> In Monday's New York Times (and nowhere in Canada), a front page report carried further news about the sort of people in the patent drug business our parliamentarians are now crawling into bed with. The Times reports a plan by the new Clinton administration "to vaccinate all children" free in the United States.
>
> Since children in the poorer parts of America are unlikely ever to be vaccinated, and since child mortality rates in the United States are higher than in Canada, or most civilized nations, the director of the American Academy of Pediatrics, the former (pre-Reagan) chief epidemiologist for the federal government, Clinton's new secretary of health and human services, and the Children's Defence Fund are all for a universal vaccination program for kids for free.
>
> But according to the New York Times, the proposal is "vehemently opposed" by the drug companies. The assistant vice-president of the Pharmaceutical Manufacturers Association says, "Universal purchase would just kill innovation because the government would control the market."
>
> For example, when markets are not controlled, the costs of vaccines for measles, mumps, and rubella have risen from just over $5 an injection in 1978 to just over $25 in 1992. A full set of childhood vaccines which cost $23 in 1982, cost $244 in 1992.
>
> These drug folk are not corporate little monsters practising only in the land of the free and the home of the bilked, they are precisely the same folk now urging Canada's Parliament to endow them with Bill C-91.
>
> They — and we — ought to be ashamed of them and ourselves. Because of the outrageous ripoff in child vaccines in the United States, vaccine sales have fallen even while profits have increased. More children have gone without it, their health perhaps permanently damaged.
>
> But I suppose we could say the spirit of "innovation" still lives in the drug business, there as in Canada. Those who vote for C-91 are voting for greed and exploitation, and they know it.

Honourable senators, this article is from a good friend of mine whom I met a long, long time ago in the Young Liberals. I am glad to see that he has come back to his senses. The author is Dalton Camp.

TELEFILM CANADA

PROPOSED FILM ON OCTOBER CRISIS — ACTION OF GOVERNMENT LEADER COMMENDED

Hon. Philippe Deane Gigantès: Honourable senators, I should like to congratulate the Leader of the Government, which is not usual for me, for his prompt action on my query about an attempt by Telefilm Canada to pay the assassins of Pierre Laporte for a script.

My plain brown envelope of today tells me that as soon as the government leader's question arrived there, panic ensued, the shredders worked very hard, and a couple of documents were even burned. Now I have received an answer from him telling me that no, there was no offer and that such a script would not be bought.

I do not care about that. What I care about is that the assassins should not be paid for their act. I thank you for your quick intervention, sir.

Hon. Lowell Murray (Leader of the Government): I am glad to have the additional information that the honourable senator has furnished, and I will certainly look into the matter.

Senator Gigantès: Thank you. I have not finished my three minutes. It is kind of you to get up. I do think you were very effective, sir. You really scared them.

GENERAL ELECTION

INTENTIONS OF PRIME MINISTER

Hon. Philippe Deane Gigantès: I was watching the telecast of the proceedings of the House of Commons yesterday and the day before, because I was a little bedridden, and I noticed that the Prime Minister talked of a Triple Crown. Referring to what my honourable leader said a short while ago, if the Prime Minister gets elected a third time by the people of Canada, it will be a Triple Crown of Thorns.

I would also like to mention that Brian and Barrett are both saying, "We know what the Tory policies are, we know what the NDP policies are, but we do not know what the Liberal policies are." It is precisely because the people of Canada know the Tory policies and know the NDP policies, and know of the bizarre behaviour of many of your members, that your party stands tied at 17 per cent in the polls.

ROUTINE PROCEEDINGS

VETERANS AFFAIRS

THE VALOUR AND THE HORROR—NOTICE OF MOTION

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, February 4, I will move:

> That, within 60 days of the adoption of this motion, the Leader of the Government shall provide the Senate with the response of the Government to the report of the Standing Senate Committee on Social Affairs, Science and Technology entitled *The Valour and the Horror*, tabled in the Senate on January 25, 1993.

NORTH ATLANTIC TREATY ORGANIZATION

NORTH ATLANTIC ASSEMBLY PRESIDENTIAL TASK FORCE ON AMERICA AND EUROPE—NOTICE OF INQUIRY

Hon. Earl A. Hastings: Honourable senators, I give notice that on Tuesday next, February 9, I will call the attention of the Senate to meetings of the NATO North Atlantic Assembly Presidential Task Force on America and Europe held in Washington, D.C., January 20 to 23, 1993, and the participation of the Senate therein.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 216 residents of Quebec who object to the goods and services tax.

Most of these petitions are from Val d'Or, Vassan, Amos, St-Hyacinthe, Montréal, St-Césaire, St-Damase, Mansonville, Sutton, Pincourt and Highwater.

These petitions were signed in August, 1992, which was only a few months ago.

Joining the hundreds of thousands of petitioners who have protested so far against the GST, 260 residents of Quebec have now signed a petition condemning an unfair and immoral tax, which a future Liberal government will deal with as appropriate.

[*English*]

QUESTION PERIOD

NATIONAL DEFENCE

COST OF MILITARY HELICOPTERS CONTRACT—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate about the famous, or, as some would say, infamous, helicopter contract of $4.4 billion for 50 military helicopters.

I will give some facts as background to my question. First, the government leader has noticed, no doubt, the results of a poll conducted 10 days ago which indicates that 68 per cent of Canadians oppose the $4.4 billion expenditure on 50 military helicopters.

Second, Mr. Chrétien has said that he would cancel the contract if he were to form the government.

Third, a statement has been made on behalf of the government and the military to the effect that it would be costly to cancel the contract.

Will the Leader of the Government in the Senate consult with his colleagues and let us have an estimate of what those costs would be? If he wants more detail in writing about my question, I will be happy to oblige.

In his response concerning the costs, will he detail, if possible, any provisions in the contract for liquidated damages, or any other provisions related to the question of

assessing damages for breach of contract, if any, and some realistic estimate as to legal costs? With that information, the people of Canada may decide to change their opinion. At least it will mean that they will have from the government an estimate of the net cost of the cancellation of the contract.

Hon. Lowell Murray (Leader of the Government): Honourable senators, of course I would be happy to try to obtain any specific information the honourable senator wishes to seek by way of a written question on this matter.

My information is that cancellation of the contract would cost the government in the hundreds of millions of dollars. I cannot be more precise at this moment.

As for the poll to which the honourable senator refers: Yes, I believe I have seen it, as all of us see scores of polls published every month. But Canada is not governed by polls.

Senator Thériault: Did you see the one this morning?

Senator Murray: Governments take seriously their responsibilities in these matters. We need the new shipboard helicopters for a number of reasons. They will have capabilities in anti-submarine warfare and surface shipping capabilities, as well as search and rescue capabilities. We believe they are important instruments to us in the assertion of Canadian sovereignty.

I am also aware of the fact that Mr. Chrétien, Leader of the Liberal Party, has announced that he would cancel this contract of $4.4 billion which would be spent over 12 to 13 years. I can also observe that Mr. Chrétien and his colleagues have already spent the savings several times over in the promises which they have made since his initial announcement.

I should point out to a political party which professes to be concerned about job creation in this country that one of the biggest losses in cancelling this project would be to the Canadian public in terms of 45,000 person-years of employment, as well as losses in development and progress within the Canadian aerospace industry.

Senator Thériault: But that is over 13 years, you just said.

Senator Frith: Yes, honourable senators, and I believe the Canadian people knew about the last statement when they voiced their opinion in opposing this contract. If the leader is able to provide some information in answer to my original question, perhaps he could include from the military, which I presume he would want to consult, just whose submarines we are worried about.

EXTERNAL AFFAIRS

NON-ACCEPTANCE OF MINISTERIAL RESPONSIBILITY IN AL-MASHAT CASE—GOVERNMENT POSITION

Hon. Philippe Deane Gigantès: Honourable senators, the Leader of the Government said that this government takes responsibility for its actions. Does that include the episode when ministers of the Crown accused their subordinates in the Department of External Affairs instead of taking responsibility for the acts of those subordinates, as is customary in the British system from which ours is descended?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not aware of any such case. I do not think he can document one.

Senator Gigantès: The Al-Mashat affair is the case to which I am referring, a case where the government deliberately victimized one of its former MPs as well as a cousin of the Leader of the Opposition, Ambassador Raymond Chrétien, by not accepting ministerial responsibility for the acts of the department of which the minister is the head.

Senator Murray: Honourable senators, I am aware of the case to which the honourable senator refers. His characterization of it is incorrect.

Senator Gigantès: What is the correct characterization?

Senator Barootes: A written question. Sit down. You are not feeling well. It hurts more to stand up than to sit down.

Senator Gigantès: I will be on my feet a lot today because it hurts more to sit down.

Senator Frith: Senator Barootes is saying we do not have the answer, so put the question in writing.

COMMUNICATIONS

FUTURE OF CANADIAN MAGAZINE INDUSTRY—GOVERNMENT RESPONSE

Hon. Keith Davey: Honourable senators, I have a question for the Government Leader in the Senate. On Monday, January 11, 1993, Time Canada Limited announced a year-long test of the so-called Canadian edition of *Sports Illustrated*. Senators will remember Bill C-58 and its ability to save and protect the Canadian magazine industry. The Conservative government, in negotiating the 1988 U.S. free trade pact, committed the government to protecting Canadian cultural industries. That simply has not happened.

I wonder how the government is now responding to this particular Time Canada incursion, threatening as it does the entire Canadian magazine industry.

Hon. Lowell Murray (Leader of the Government): Honourable senators, my cabinet colleague, Mr. Beatty, the

Minister of Communications, has issued a statement on that matter within the past 24 hours, if I am not mistaken. I certainly have seen reference to it in the media. I will endeavour to obtain a copy of his remarks and send them to my honourable friend.

Senator Davey: Honourable senators, I have a supplementary question. Perhaps the question has been answered, but in case it has not or in case it has been answered in the wrong way, I will quote Stephen Godfrey in a recent *Globe and Mail* article which is very much on the subject:

> Marie-Christine Dufour, senior communications adviser to Minister of Communications Perrin Beatty, says that the approval of Investment Canada is not enough if other regulations aren't being met. At first glance, this seems to be contravening the spirit if not the letter of the tariff. Perrin Beatty is committed to the Canadian magazine industry and will do everything in our power to maintain that protection.

Dufour says they are consulting Revenue Canada on the issue and should have an answer in two weeks. My question is whether we can count on Perrin Beatty to save the Canadian magazine industry.

I hope that the leader will come back with positive and good news.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have an answer to a question asked on January 26 by Senator Austin regarding the candidacy of Germany and Japan for membership on the Security Council of the United Nations, and an answer to a question asked on February 2 by Senator Molgat regarding the status of a program with Communications Québec.

UNITED NATIONS

CANDIDACY OF GERMANY AND JAPAN FOR MEMBERSHIP ON SECURITY COUNCIL — GOVERNMENT POSITION

(Response to question raised by Hon. Jack Austin on January 26, 1993)

The reform of the Security Council was one of several dominant themes during the last session of the United Nations Assembly (UNGA 47).

Canada believes that the composition of the Security Council should reflect the new realities of the day. The Prime Minister has already made it clear that Canada will support permanent membership for Germany and Japan, when they decide to present their candidacies.

The Secretary of State for External Affairs has been informed that the two countries are slowly taking steps to modify their constitutions so as to be in a position to comply with other obligations which may flow from their membership.

Canada also envisages a day when other key countries, representing all regions of the globe, may become permanent members on the Security Council.

To change the composition of the Security Council would require that the United Nations Charter be amended. Any amendment must be adopted by a vote of two thirds of the members of the General Assembly and ratified by two thirds of the members of the United Nations, including all the permanent members of the Security Council. Such a majority may be difficult to achieve.

In the meantime, the government's priority is to ensure that the Security Council functions with vision, efficiency and wisdom. Reform is not an end in itself. The government's goal is enhanced United Nations effectiveness.

COMMUNICATIONS QUÉBEC

STATUS OF PROGRAM

(Response to question raised by Hon. Gildas L. Molgat on February 2, 1993)

The Department of Supply and Services has, or has had, agreements in place with several provinces and territories for the provision of government information services to the people of those provinces and territories. The government is looking at ways of improving service, increasing efficiency, providing a cross-country, uniform service, and of doing so at the lowest possible cost to the Canadian taxpayer.

As a result, the government is examining all its programs. The agreement between Canada Communication Group, of the department of Supply and Services, and Communications Québec is but one of these being examined.

The Minister of Supply and Services is looking at the issue closely. The intent is to improve upon an existing service, not to abolish it. The department of Supply and Services is looking at ways of doing things better, of improving upon existing programs. Simply because it is in its present form, does not necessarily mean it is the best form.

ORDERS OF THE DAY

BILL TO DISSOLVE OR TERMINATE CERTAIN CORPORATIONS

THIRD READING — DEBATE CONCLUDED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Rossiter, for the third reading of Bill C-63, An Act to dissolve or terminate certain corporations and other bodies.

Hon. Allan J. MacEachen: Honourable senators, I would like to participate in third reading debate on this particular bill. A number of our colleagues have already spoken on the bill at either second or third reading. I believe the importance of the measure before us justified that participation.

This bill calls for the dissolution of a number of Canadian institutions built up over 30 years. Each required parliamentary action to be established; each was subjected to parliamentary debate and approval and responded to a perceived need at that particular time in our history.

If one looks back over the 30 years since the Economic Council of Canada was first created, one can only conclude that in the intervening period Parliament and the government were gradually building the intellectual infrastructure of Canada. It did not happen overnight. It happened over several decades.

Through this bill, these institutions with such a long history are being removed without much substantive explanation except the necessity to streamline the government and to avoid what is described as waste and duplication.

Presumably the governments and the Parliaments of the day realized that, in addition to advice coming from the public service or the regular bureaucracy, it was beneficial to have additional advice from independent bodies with a different perspective than the public service or bureaucracy. That was one of the purposes of the establishment of such bodies. It certainly was one of the purposes of the establishment of the Economic Council of Canada, the Science Council and the International Institute for Peace and Security.

In addition to that, it was believed that there was benefit to having in a democracy public discussion of important public questions outside the bureaucracy. Therefore we had the establishment of the Canadian Institute for International Peace and Security, the Economic Council of Canada, the Science Council of Canada, the International Centre for Ocean Development, the Employment and Immigration Advisory Council, and the Law Reform Commission of Canada.

This is the first instalment in the process of dissolving Canadian agencies and institutions. Just recently, the government moved second reading of Bill C-93, a similar act affecting 11 organizations. The bill before us has grouped together these particular six organizations simply because their elimination or dissolution requires very little in the way of statutory amendment. All that is required is a sharp fall of the guillotine, and life is ended.

I do not want to talk a lot about each of these institutions, but I would say a word about several. I will begin with the Canadian Institute for International Peace and Security. I have a particular interest in this institution because I had the opportunity to pilot the legislation through the House of Commons and to work with the leaders of both opposition parties in producing a result that had the unanimous agreement of the whole House of Commons. The bill certainly was not passed rapidly, or without careful consideration.

It is not for me to evaluate the work of the institute. That has been done by the Chairman of the Board of the Canadian International Institute for Peace and Security. In the Spring 1992 volume of *Peace and Security*, the magazine published by the institute, there is a rather bitter description of the end of the institute. The director of the institute states as follows:

> The Institute's Board of Directors has stated that the Government's decision is completely unjustified in the light of the record of performance under the Institute's mandate from Parliament and is likely to result in a major loss of the Canadian taxpayers' investment. The Board and many others, inside and outside Canada, have called for the decision to be reversed. The dissolution of such a body would be especially damaging and untimely in a period when the international situation is undergoing such radical change and when the Institute, and collaborators under its programs, have been in the forefront of shaping Canadian understanding, response and initiative.

If honourable members choose to look at the last annual report of the Canadian Institute for International Peace and Security, they will be find a listing of the publications, the seminars and the activities that have characterized the institute since its beginning. Only reading this document would convince anyone that its value has been demonstrated.

• (1430)

The chairman of the institute, Mr. David Braide of Toronto, begins his "Report from the Chairman" with this sentence:

> Finding the words to mark the destruction of a vision is neither easy nor pleasant. But like it or not, that is my task in this last Annual Report of the Canadian Institute for International Peace and Security.

He goes on to talk in more detail about the vision in describing how the institute came into being:

> Their vision was supported unanimously and with enthusiasm by Parliamentarians of the day, on both sides of the House of Commons and the Senate. Thus the Institute came into being, with the passage of Bill C-32 in June 28, 1984, as a surprisingly independent body with assured funding and the stimulating mission that is printed elsewhere in this Report.

The chairman is absolutely correct that the institute was independent, and it had its own guaranteed source of annual funding. The institute secured passage in the House of Commons because the reservations of the opposition parties were fully met in amendments.

The Leader of the Opposition in those days was Mr. Mulroney, who had an exchange of correspondence with the Prime Minister, as a result of which important amendments were made to the statute involving a statutory appropriation that would not be dependent upon the annual whim of the government, and that would involve an independent status for the board of directors so that it would not be under the thumb of the government. It was also provided that the Minister of External Affairs could seek advice, as was fully justified, from the institute, and that the standing committee of External Affairs in the House of Commons could also seek advice. In fact, so carefully negotiated was this institute in Parliament that the name of every future director of this institute was tabled in the House of Commons before the bill secured passage.

The opposition parties were consulted about the executive-director of the institute. If my memory is correct, the executive-director was not appointed at that time because the list which I had submitted was not satisfactory. Any name was not satisfactory at that time to opposition parties. Subsequent to the election, the board of directors resolved the difficulty and appointed Mr. Geoffrey Pearson as the first executive-director of the peace institute. He was followed by Bernard Wood, who will be the person in office when this bill passes.

That is the background to the Canadian Institute for International Peace and Security. It has done extremely good work, and its end is a bit of a disgrace. The annual cost to the taxpayer is not great, but the benefits to Canada are very great indeed.

Honourable senators, a number of other speakers have pointed out in this debate that, even though the Cold War is over, peace and security does not exist in the world — far from it. There is instability and disorder on a wider basis in Eastern Europe, the former Soviet Union, and other parts of the world than existed during the Cold War, which was one of the impulses for the creation of this institute.

Recently, one of the participants at a conference in Montreal made this statement about the present situation, and it is a succinct summary of where we are. He said:

> The absence of war does not ensure peace, and the passing of one order does not ensure the creation of a new one to replace it. The situation of high risk but low instability which characterized the nuclear confrontation of the Cold War has given way to a situation of relatively low risk but high instability. Reduction of the risk of war is no doubt an improvement, even at the price of some disorder, but it should not be assumed on the other hand that there are no longer any serious risks, or that the old approaches will be adequate to deal with the new risks.

Therefore the need, honourable senators, still continues for an institute of the calibre that was found in the Canadian Institute for International Peace and Security.

Senator MacDonald did us a service in referring to the statement made by the Prime Minister at that time, and one or two sentences deserve repetition. The Leader of the Opposition at that time, Mr. Mulroney, said in a letter to Prime Minister Trudeau:

> The creation of a new institute should be directed towards ensuring that this search (on peace and security issues) is conducted in the best possible manner and that peace and security is not allowed to become the province of one political viewpoint, one party or one perspective.

Well, that is what will happen with the disappearance of the institute.

> Pluralism of ideas and pluralism of research cannot but be applauded and encouraged. But that pluralism must be both real and enduring. This implies that what a Canadian government seeks to create in this area must ensure that its research and public information are protected from its prevailing political winds, and that Canadian research done elsewhere in the country is not distorted to conform to these prevailing political winds.

Perhaps Senator MacDonald did not realize how powerfully apt the quotation is, because the institute itself has become a casualty of those "prevailing political winds". That is unfortunate.

Of course, Mr. Erik Nielsen, with whom I had many discussions, approved wholeheartedly the outcome of the negotiations and the resultant institute.

When one comes to the Economic Council of Canada, one goes back to a much earlier period. I remember the circumstances in which the bill was introduced in the House of Commons by the Prime Minister and the second reading speech by the Honourable Maurice Lamontagne. I remember those events.

The Hon. the Acting Speaker: I am required to inform the honourable senator that his time has expired. Does the honourable gentleman have leave to proceed?

Hon. Senators: Agreed.

Senator MacEachen: Honourable senators, I went back to the record and found a number of things. I found that the political discourse in the House of Commons in 1963 seemed to be on a much higher plane than the political discourse that exists in Canada today, because both Mr. Pearson and Mr. Diefenbaker attempted to deal substantively with the establishment of the Economic Council of Canada. Both of them participated in the debate. The opposition, in the person of Mr. Diefenbaker, wholeheartedly supported the creation of the Economic Council of Canada, indicating that it had become the successor to the National Productivity Council which had been established by Mr. Diefenbaker as Prime Minister and which was also a successor to a bill introduced in the immediately previous Parliament but which had died on the Order Paper. There was, therefore, general agreement on the value of the Economic Council of Canada. It might be interesting to read one or two sentences. Mr. Pearson said:

> The government's hope...is that we can establish an Economic Council of Canada that will be an effective instrument for creating in Canada...the kind of economic understanding that we need if we are to make the most of our resources, achieve and maintain high levels of employment, make our economic growth adequate for that purpose and compete successfully, as we must, in the new trading world.

• (1440)

It was interesting to see how Maurice Lamontagne, in his speech, took us carefully through the reasons for the creation of the council, namely, to establish a better understanding of the operation of the economy, to encourage greater forward planning with respect to instability in the economy, the business cycle and the inventory cycle, and how it was hoped, through the enlightenment that would develop from the council, that provincial governments and the private sector would rate better with the federal government.

We do not have any evaluation before us today as to whether the Economic Council of Canada contributed to these objectives, whether it had accomplished its mandate, or whether it had an impact on the development of Canada. Its inception arose out of a generally-shared need, namely, that the country needed an independent body outside of government that could comment authoritatively, objectively and independently on economic trends.

It is all very well to say that there are other private organizations in the field that can step in — and this is true — but I have not heard any private organizations mentioned that do not have a particular bias and a particular axe to grind, and whom one can place accurately in the ideological spectrum. That is exactly the case: They are private, but they are carrying forward a particular mission. I have no complaint with that, but let us not say that they are on the same footing as the Economic Council of Canada, which was independently operated.

Sometimes the council produced views that were critical of the government. The government often replied to their views and found the areas that were wanting. However, there was nothing wrong with that. It happened under this government and it happened under the former government. Not everything the Economic Council of Canada said was precisely accepted but, here again, we are faced with its extinction with no evaluation as to what contribution it has made to Canada.

Finally, honourable senators — and not wanting to take more advantage of the latitude that has been extended to me — I should like to make a comment about the International Centre for Ocean Development.

The International Centre for Ocean Development arose from a commitment made by the Government of Canada at the Commonwealth Conference in 1981, in which the Prime Minister stated that Canada would establish an agency or an institute that would help developing countries exploit their marine resources, particularly the resource of food. Subsequently, the government of which I was a member established the International Centre for Ocean Development under Part II of the Canada Corporations Act. It was to be funded from CIDA, but it was incorporated in that way.

The decision to locate the centre in Halifax was a careful decision based upon the mission of the centre, which was ocean-oriented, and the existence in Halifax of expertise in universities and in the oceanographic institute that, when added to the facilities of the new centre, would create a critical mass in Halifax. That is what has happened.

It is not necessary for me to review the points that have been put on the record by Senator MacDonald, because the work of the institute has been impressive. The budget of this institute is the largest single budget financed from CIDA — that is, approximately $15 million per year.

Senator MacDonald has said that he wanted to look at the situation from a regional development perspective. If that is the case, that was a valid concern. It was understood at the time that this centre would make a contribution — maybe not a huge contribution, but a significant contribution — to regional development and, over time, it would grow.

I am at times struck by the lack of understanding of Canadian governments concerning the question of regional development. This legislation is a blow against regional

development. I have had experience with that in the past. I remember when the Minister of National Defence in the government to which I belonged presented a paper to cabinet — and this was done with very little notice — that proposed closing a lot of bases, including the Point Edward Naval Base at Sydney. I was absolutely devastated at that outcome. There was little I could do at that stage except express my indignation and protest, but the base was closed.

However, thanks to the assistance I got from Mr. Pickersgill, who was Minister of Transport, a decision was made to establish the Coast Guard College in Sydney. That was a step ahead. That was all right, but what happened next no one could have foretold. The minister who had recommended the closing of the Point Edward Naval base, which did occur, then became Minister of Transport. Not long after he became Minister of Transport, he recommended the removal of the Coast Guard College from Sydney to Ontario. I will never forget that day when I saw that cabinet paper. Thankfully, the Prime Minister understood the explosive nature of the situation and refused to have this new paper discussed in cabinet, with the result that the Coast Guard College is now an important asset in the city of Sydney.

• (1450)

It is through steps such as that that, gradually, some progress is made. Here we have an institute in Halifax that has been closed down, and everything will now be done in that great seafaring centre of Ottawa, that ocean-oriented centre.

Senator Hastings: On the Rideau Canal.

Senator MacEachen: All of these people know all about the oceans. The centre's work is to be done as well by CIDA. It is ridiculous, but that is the situation we have today. The money will still be spent, presumably, or at least part of it, but not in Halifax. In any event, the centre had a distinguished first chairman and president, a lady scientist who was experienced in that field, and a good board of directors who produced an excellent result. There it is.

I will end my remarks here by reminding honourable senators of my earlier statement where I focused on the point that there seemed to be a bias by this government against the use of the intellect. What is it we are closing down? These sources of knowledge, analysis and information. We talk about the necessity of ever-increasing education and ever-increasing knowledge in this particular world of expanding technology but, one after the other, we are closing down and putting out the lights of knowledge, analysis and information.

Canada does not want that. I do not think that it is our destiny that we should become remote from the main intellectual centres. We ought to try and keep up with Europe and the United States as well as we can —

Senator Frith: A nation of Philistines.

[Senator MacEachen]

Senator MacEachen: — and with other countries in the world, and attend internationally and say, "We can hold our own, we have expertise. Look what we do in oceans, at what we do in law reform." I notice that the Law Reform Commission is being widely quoted for its contribution to the understanding of law and related developments in Canada. I do not have the personal knowledge about the Law Reform Commission that I have about some of these other bodies. Senator Stollery said in his speech that the government is turning its back on knowledge, or words to that effect. I think it is sad.

The puzzle to me is why these well-established institutions were guillotined, so to speak, and why the Institute for Democratic Development — which is a new, feeble actor on the stage, a few years old — remains unscathed. That institute costs $5 million a year. Why did we not have an analysis saying, "Look, we have to do away with the ocean centre but we are keeping the Institute for Democratic Development." It costs $5 million annually; it is new; it is under the leadership of Mr. Broadbent. That is a puzzle. Senator MacDonald has said that there was a stench of anti-intellectualism to this bill. It is more than that; there is something fishy about it. Why is it that that institute was protected or red-circled?

We are now in a period of financial constraint; we understand that. Certainly, the total of the sums saved is not immense. If you take them altogether, they are relatively small amounts of money in comparison. The Library of Parliament costs us $16 million. I am not saying that we ought to close it down; we would all say that it is vital. However, if the library is vital, why are the Peace Institute and the Law Reform Commission and the Ocean Centre not vital? As Senator MacDonald said, we do not even have an evaluation or anything on the record from witnesses that would say, for example, "The Senate has concluded, having reviewed the testimony, that each of these institutes has done a good job. We have looked at the Peace Institute, the chairman and the director have been here and we are satisfied that it was a very good thing. We would like to see it reinstated as quickly as the financial situation justifies."

The same is true with respect to Halifax. Why should we not say, "Get that function back to Halifax as soon as possible", instead of sequestering it anonymously in CIDA headquarters in Ottawa. Can we take another look and come up with a recommendation, or at least an evaluation and some recommendations for the future that say that today it is impossible, but who knows what will happen two or three years from now? Should we close the door on all of this forever? I would hope not.

MOTION IN AMENDMENT OF SENATOR MACEACHEN NEGATIVED

Hon. Allan J. MacEachen: Therefore, honourable senators, I wish to move an amendment; a simple one, referring the bill back to the committee for further study. That would permit the Senate to hear some witnesses and perhaps make some recommendations for the future, if it is impossible

to stop this legislation. I do not think it is possible to defeat this bill today or tomorrow. I have watched, and I do not think it will be defeated, but perhaps we can do something to revive these institutions at a more propitious time.

Therefore I move:

> That Bill C-63 be not now read the third time but that it be referred back to the Standing Senate Committee on National Finance for further study.

Some Hon. Senators: Hear, hear.

The Hon. the Acting Speaker: In amendment, it is moved by Senator MacEachen, seconded by Senator Frith, that Bill C-63 be not now read a third time but that it be referred back to the Standing Senate Committee on National Finance for further study. Is the house ready for the question?

Does the Honourable Senator Pitfield wish to speak on the amendment?

Hon. P. Michael Pitfield: It could go either way, but what I have to say could certainly affect the subject of the senator's amendment.

Honourable senators, that a government which has spent so much money in departments of various kinds should chose the country's principal advisory councils for what is really a theatrical display of alleged cost cutting tells us where the priorities of the Prime Minister and the Minister of Finance really lie. At a time of catastrophic weakness in the economy, the government chooses to dispense with much of the best thinking capacity available to it in such fields as economic policy and science policy.

• (1500)

To explain the logic of this, the government sent to the Senate committee the Minister of State for Finance and Privatization. Almost his first words were that he knew nothing about the substantive policy issues in Bill C-63. This fact became abundantly clear as the discussion proceeded.

Of course, the only reason that the minister could offer for the bill was the economy. Almost his first words were that the bill had to go through in order to achieve the ends of saving money for the economy. Even though the amount saved is small, I agree that a penny saved is a dollar earned.

However, honourable senators will notice whose thinkers it is that are being gored by the bill. They are not the minister's. The intellectual capacity — at least of the bought variety — available to him and his colleagues goes up because some of what is deemed "saved" is to go to the departments of Industry, Science and Technology, Finance, Justice and External Affairs. It is the great unwashed in the private sector: business, academe, the professions, not to mention the voter and Parliament, who are at least supposed to be the principal players in the public sector, who will give up their expert and public advisers; the battalions that serve the government behind a wall of secrecy, whose words we only read after they have been eviscerated by the government's PR machine — itself a product of far more millions than are being saved in this bill — those battalions belong solely to the government.

Did I say that the Minister of State for Finance and Privatization had urged Bill C-63 only on the ground of cost cutting? No. I said that was virtually the whole of his argument. But he did plead, almost in passing, that these bodies, the Economic Council, the Science Council, and the Law Reform Commission, had been created "without necessarily examining whether the need for them could be served with existing structures, and as a consequence some overlapping of functions and mandates have clearly occurred."

I gasped. Well, as the minister frequently admitted in the 59 minutes that this matter was before the committee, he really was not sure of what he was talking about.

These bodies were first created, for the most part, in the early 1960s, when I was still a junior officer in the public service. I must confess it is somewhat exasperating for me to listen to a minister of the Crown, with a career official at his side, put this type of comment on the record. I mean, there is a hard trail, blazed by some of the best minds in our country — by Fred Varcoe, Wilbur Jackett, John Deutsch, C.J. MacKenzie, W.A. MacIntosh, Robert Uffen — that produced the advisory councils that we have. They have a long history of doing first-class work under the leadership of first-class people who, in doing so, made substantial sacrifices for their country. These policy councils are not redundant.

Certainly, they were not duplications in 1960, and are not even duplications now, of what already existed. Look at the calendar. It is not the councils that are duplications, but the expensive apparatus that ministers have squirrelled away in their departments, that reports secretly, that most ministers hardly know exists, that they do not understand, that, frankly, they do not need.

Part of the problem is clearly that not only does the government know nothing about how these bodies developed, how they work and what they do, but the government clearly knows nothing about why they were created in the first place. This is obvious not only from our own little Broadway production in the Senate committee, but from the patter government ministers and officials sang before the committee in the other place.

Surprising as it may seem, the fact of the matter is that these advisory councils were created not primarily to advise their ministers, and in some respects not necessarily with the main objective of advising the government of the day as such. From the debates and the publications of the time, it will be seen that these councils were created for a variety of other reasons. They were created to provide the public with independent, expert and informed advice; to recognize and, more to the point, to draw together the highest and best in terms of sheer excellence that our country can produce in their fields of learning; to embody a community of interests —

learned, political, academic — in a field of knowledge or concern, like basic science with applied science, like workers and immigrants and refugees; to provide an avenue not simply for the partisan politicians who make up the government of the day but for the private sector at large, an avenue for them to participate in public affairs; to provide access by the private sector which, after all, is the foundation upon which the public sector exists, to public affairs, not simply to expand upon what the battalions produce but also to judge their work and countervail their advice.

It goes without saying that a pet organization kept inside a minister's office or a department, whatever his politics, cannot fulfil these functions. Indeed, it is as plain as plain can be that independence from a government department is in almost all cases a prerequisite for the fulfilment of the functions I have enumerated: countervailance of bureaurocracy, alternative advice, peer assessment, for example. Is anyone surprised that a bureaucrat, subject to an independent organization with these sorts of functions, would be the first to recommend its abolition? I have seen it happen times without number. I think there are signs of it in this case. However, this is the first government I have seen fall for it.

Honourable senators, no self-respecting country, certainly no industrially advanced democracy, will long do without advisory mechanisms such as these councils provided. I agree with honourable senators who in the committee opined that what we disestablish today we will be asked to re-establish tomorrow. But what waste! What lost opportunity!

Indeed, the whole question of a government in the fifth year of its mandate, with 20 per cent or even less of a following at the polls, legislating, much less implementing, a significant reorganization raises serious questions of constitutional propriety, of responsibility, even of plain ordinary common sense. In a few months we are certain to have a new government, maybe with a new party at the helm, maybe with a new Prime Minister, certainly a new administration with a new mandate. Surely, reorganization and the abolition of a major national public policy advisory mechanism is a significant reorganization which should be left to that new administration.

Remember, these changes are not urgent. Remember also that reorganization is expensive in terms of money. We do not know how expensive in this case, because the government appears not to have had a thorough study done of what it proposes to do. That, at any rate, seems to me the only explanation for the Minister of State's ignorance of the substance of Bill C-63 and for the extraordinary and sometimes obviously fallacious figures he was throwing about. He talked in precise dollar terms of the savings to be made in 1997 and 1998, for example. No government has meaningful expenditure calculations that far ahead, and certainly not this government which has shown, time and time again, that it cannot even get this year's budget calculations right.

• (1510)

Reorganization is expensive in money terms, but it is more than that: It is expensive in personnel terms, because it interferes arbitrarily and pretentiously with the career patterns of thousands of people; it is expensive in terms of time, because while it is going on, it puts in limbo the organization concerned, and all with whom that organization normally interfaces, and the policy fields those organizations deal with; and it is expensive in terms of an incoming administration, since its work is delayed, its options are foreclosed, and its agenda is undermined. To put it bluntly, the present government may have the legal power, but it certainly does not have the moral authority to do what Bill C-63 proposes.

I am opposed to this legislation. I apologize for taking so long to explain why. I wish I could have been as succinct as Senator Finlay MacDonald. I wish I could have been as comprehensive as Senator MacEachen. I found their presentations masterful, their arguments conclusive, and I am proud to be on their side.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have just a few words about the amendment. It is clear from the debate today, as well as previous debate, that there is an important difference of opinion between the two sides of this house about this legislation.

It seems to me that difference of opinion is not nearly as pronounced on the question of whether it would be good for us all as senators to have on the record a remedy to the weakness in our work that was outlined and underlined by Senator MacDonald.

I therefore intervene on the amendment simply to say that I hope that we can agree on both sides that no matter what our opinion is on the legislation as a whole, it would be good for us all as senators if we did take a better look at this in the committee. We might then all feel better about whatever way we vote in the end; those supporting the legislation being able to point to the committee record to say, "Look, we examined it, we did our job as senators, and we found that the legislation was supported by the work of the committee," or saying, "We vote against it for the same reasons."

I personally felt a bit embarrassed, not as a Liberal senator or opposition senator but just embarrassed as a senator, when Senator MacDonald pointed out that, for all time, if we do not do something about it, the record will show that we did a rather sloppy job. We are supposed to be famous for at least doing careful jobs in committee.

I ask that we all support the amendment, without prejudice, as they say, to how we might vote on the legislation itself.

Hon. Noel A. Kinsella: Honourable senators, I had not prepared remarks to deal with Bill C-63 today. However, having listened to the Leader of the Opposition, I am not sure that the time for dealing with issues of principle is when one is dealing with second reading in this chamber. As I listened to the presentation of the amendment that was proposed by Senator MacEachen and to the excellent presentation by Senator Pitfield, there seems to be a revisiting of the principle.

On the matter of principle, I support the bill. I find somewhat curious the generosity of the *semper idem*, the "always remaining the same" dynamic that seems to permeate so many things that happen. There seems to be a hesitation to deal with change in this town.

At the time when organizations, institutes or councils such as the Law Reform Commission or Economic Council were needed, that was within a time frame. I am not sure these agencies have not fulfilled their mandate. Though there was no sunset clause built into their founding, perhaps that was a misjudgment at the time the legislation was passed setting up these councils, commissions and institutes.

When you look at them, they seem to have acquired a life of their own. They certainly acquired a significant bureaucracy of their own. They seem to have establish their own policy, different from the policy of the government of the day.

I think it is incumbent upon us to look not only at the principle that is underlying the bill as to winding down these institutes, but also the substantive issues these bodies have dealt with. For example, in the area of law reform, there are many centres across this land able to conduct research, some of which would be sponsored. Some would argue that because it is sponsored, it is somehow biased. On the other hand, if the government of Canada, whatever the government of the day happens to be, wants to sponsor research in a certain area, they should do so. There are many nongovernmental organizations and university centres that can initiate research and studies on their own to meet their community responsibilities. It does not have to be state-sponsored commissions or boards that undertake research.

We are now approaching the third millennium. The dynamics, principles and ways in which we conduct our public affairs are not the ways of the 1970s and 1960s; I regret this hesitancy to get rid of the old and allow for a self-reliance to take hold. Bill C-63 is winding down institutes that have served the country well, but it is past tense.

As a matter of principle, not only do I oppose the amendment at third reading, I support the bill.

Hon. Jerahmiel S. Grafstein: Would the honourable senator permit a question with respect to the Law Reform Commission? You indicated in your general comments that there might have been a policy or program of research that would be inconsistent with government policy that emanated from the Law Reform Commission. Can you point to a single incident of that nature?

Senator Kinsella: The point I was trying to make, honourable senators, is that under the Law Reform Commission, the commission chooses the areas of inquiry. They do not necessarily choose the areas at the request of the Minister of Justice. Without a Law Reform Commission, if a government wanted to have an area examined, that can be done through sponsored research. On the other hand, for those areas of law reform that Canadians would like to see delved into, there is a plethora of academic legal researchers available across the country, particularly in the law faculties.

• (1520)

With respect to policy, the public policy and whatever is in the public interest, as determined by the government of the day and in terms of areas which need to be examined, can all still be done under the sponsored research programs.

Senator Grafstein: I will pursue that for a moment, because I thought that Senator MacEachen's idea was an ideally suited mechanism to review precisely the point that the honourable senator makes. I do not have the legislation in front of me and I have not read it for these many years, but as I recall, it is incumbent upon the Law Reform Commission to study what areas it chooses. It could go on a frolic of its own, and that seems to be what the honourable senator finds offensive. However, at the same time, it can fulfil a mandate of the government to explore those areas of law and law reform which the government directs towards it.

The Law Reform Commission, then, has a twofold mandate: first, to pursue those areas in which the government is not interested, such as advances in the law, and second, to pursue those areas in which government is immediately interested and for which it can find some independent advice which it cannot get from its own bureaucracy.

When the Law Reform Commission was established, the Department of Justice put up a tremendous battle not to see an independent body established. It did so precisely because it did not want independent advice proffered which was somehow different from that generated within the department. Rather than taking a step forward, this legislation takes a step backward, into the bureaucracy, and does not allow the wider public participation that was unique here because the Law Reform Commission was a national institution that was bicultural and bilingual.

Since the honourable senator and I disagree on this point, I would ask him to consider whether or not it is an appropriate mechanism to determine which one of us is accurate in his conclusions by having the committee examine precisely that point. We can call experts from the department and from the Law Reform Commission, and judicial figures as well, and we can examine whether or not the Law Reform Commission played an interesting and important role that would benefit all of Canada. It would be precisely such a review that would generate facts upon which we could base our policy.

Senator Kinsella: Honourable senators, the difficulty with that approach is that it is rather *ex post facto*. The legislation with which we are dealing abolishes those institutions. The question is raised, "What is the effect of that?" The effect is not harmful, in my judgment. On the sponsored research side, government can get advice by having research sponsored in those areas on which it wants advice.

With respect to unsponsored research or other areas, there is a wide network across this land, which I might say is publicly funded through education funding programs, et cetera, of research in which the subject areas and methodologies are totally self-directed by the independent law researchers across the country.

It seems to me that the winding down of these institutions, which is the purpose of Bill C-63, will not result in the kind of ill effect that has been suggested. For that reason, as a matter of principle, I am not opposed to the bill.

Senator Grafstein: As my final comment on this matter, my understanding of the legislation is that we are not abolishing research. Obviously Senator Kinsella and I agree on that. Nobody wants to see the abolition of research. However, we know that the place where that research happens colours the nature of the research.

Senator Thériault: Like Bill C-91.

Senator Grafstein: Senator Kinsella is saying that the minister's suggestion — that research would now be brought back into the department, back within the confines of the bureaucracy, and the moneys would now be expended within the bureaucracy — is a salutary way of dealing with questions of law reform. Many people would point out that that is not the way to do it.

The issue is not the abolition of research. We agree that we do not want to abolish research. The issue is how and where the research is done. That is an appropriate question, then, which could be directed to the committee during a review of this bill.

Hon. John B. Stewart: Honourable senators, I would ask Senator Kinsella about his initial point. Am I correct in understanding his opening and closing words this afternoon to mean that the motion in amendment by Senator MacEachen would be contrary to the principle of the bill? Is that what he is saying?

Senator Kinsella: I was attempting to say, honourable senators, that we dealt with the principle of the bill before it was referred to committee. In that committee, we had a minister of the Crown come as a witness and deal with the bill.

Senator Thériault: Oh, and he explained it well.

Senator Kinsella: He dealt with the bill that was before us very clearly, and it is not very complicated. The bill abolishes, sets aside, wipes out, winds down, a number of these agencies. That is the objective and that is the principle of the bill which leads to the fulfilling of that objective. I do not find that offensive, you see.

The amendment that the honourable Senator MacEachen has brought forward is to deal with another issue. It seems to me it goes contrary to the principle of the bill.

Senator Frith: But the committee does not study the principle of the bill. It studies the detail of the bill. Why have a committee at all, if your answer is right? We need have nothing more than second reading.

Senator Kinsella: We dealt with it here.

Senator Stewart: Honourable senators, there is a bill here which will terminate various organizations. Let us make a supposition. If, for example, in the course of the work of a committee, the minister said, "Yes, I see the point. Let us take out certain clauses", does Senator Kinsella say that the minister would be proposing something contrary to the principle of the bill? Surely not.

As I understand Senator MacEachen's motion, he is not at this point attacking the principle of the bill, although I believe he voted against it at second reading. Senator MacEachen is dealing with the subsequent step. He is following along a line of argument that Senator MacDonald opened, which was that the Senate, which rightfully boasts, particularly in the presence of members of the other place, about the thoroughness of its work, did not, in this instance, live up to its well-earned reputation.

In a matter as important as this, it behooves us to say, "All right, let us go back without prejudice and ascertain in the case of one or two or three of these particular organizations whether the bill is appropriate." We can have the witnesses in on both sides. Perhaps the conclusion of the committee will be that the bill should stand as it is. Perhaps the conclusion will be that some organization, such as the International

Centre for Ocean Development, ought to be preserved. That would certainly not be contrary to the principle of the bill. It would be entirely appropriate for the Senate, unless of course we take the position that anything that comes from the other place is sacrosanct and that our committee work is simply a pro forma operation which we perform knowing full well that, at the end of the meeting, whatever has been sent to us is to carry.

• (1530)

I said to people who disagreed with me in the recent referendum that one thing that the referendum showed was that there was a certain amount of sentiment in the public of Canada in favour of the present Senate. We deserve a bit of support in this case, by doing thoroughly what apparently was not done properly the first time around. There is nothing contrary to the principle of the bill in that. Rather, what we will be doing is sustaining the reputation of this house.

The Hon. the Acting Speaker: It was moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Rossiter, that this bill be read a third time.

In amendment, it is moved by the Honourable Senator MacEachen, seconded by the Honourable Senator Frith:

> That Bill C-63 be not now read the third time but that it be referred back to the Standing Senate Committee on National Finance for further study.

Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators opposed to the motion in amendment please say "nay".

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

Senator Kelly: Could I ask my colleagues for a 30-minute bell?

The Hon. the Acting Speaker: Is it agreed that the vote will take place at 4 p.m.?

Some Hon. Senators: Agreed.

The Hon. the Acting Speaker: Please call in the senators.

• (1540)

Motion in amendment of Senator MacEachen negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Bonnell	LeBlanc
Bosa	Lewis
Cools	MacDonald (*Halifax*)
Corbin	MacEachen
Davey	Marchand
Fairbairn	Molgat
Frith	Olson
Gigantès	Petten
Grafstein	Pitfield
Hastings	Riel
Hays	Sparrow
Hébert	Stanbury
Kenny	Stewart
Kirby	Stollery
Lawson	Thériault—30

NAYS

THE HONOURABLE SENATORS

Barootes	Keon
Beaudoin	Kinsella
Beaulieu	Lavoie-Roux
Berntson	Lynch-Staunton
Buchanan	Macdonald (*Cape Breton*)
Chaput-Rolland	Macquarrie
Cochrane	Marshall
Cogger	Meighen
Comeau	Murray
DeWare	Nurgitz
Di Nino	Oliver
Doody	Ottenheimer
Doyle	Poitras
Forrestall	Robertson
Grimard	Ross
Johnson	Simard
Kelleher	Sylvain—35
Kelly	

ABSTENTIONS

THE HONOURABLE SENATOR

Rossiter—1

• (1550)

The Hon. the Acting Speaker: It was moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Rossiter, that this bill be read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Dan Hays: Honourable senators, before the main motion is dealt with, I would like an opportunity to speak. My concern is prompted by contact with people in affected agencies, and also by what I will call the chiding by Senator MacDonald with respect to the lack of attention given to this particular legislation in the finance committee. Of course, an attempt to refer it back to that committee has not been successful. I regret that. However, I cannot let this opportunity pass without speaking to this matter for the reasons just stated.

Honourable senators, I want to comment on the collectivity of agencies that are to be abolished by this legislation. They are already done away with, but this legislation formalizes the matter. I want to emphasize my regret, unhappiness and extreme concern over the attitude that the government of the day has with respect to these agencies.

I recently read advice given to the new administration in the United States from the Carnegie Endowment for International Peace and the Institute for International Economics, a very distinguished organization. I should like to read, in part, the advice given to the new administration:

> To make the government work effectively, it is essential to break down the bureaucratic walls that still separate increasingly interrelated issues. Organizing the government requires, first and foremost, organizing...

This is addressed to the new administration.

> Your principle policy challenges will almost never fall within the purview of a single department or agency. From trade to the environment, from drug policy to education, the issues cut across established bureaucratic boundaries. In these circumstances, no matter how strong a cabinet you assemble...leadership in formulating strategy and policy is essential for a successful administration.
>
> The objective of this commission has therefore been to identify and recommend to you a system that manages interagency policy making...but brings the cabinet departments into policy discussions early, one that upgrades the new global and economic agenda to a higher level and combines flexibility with coordination.

Honourable senators, I read out of that something very important; that is, that bureaucracies are very independent, and in these particular times, we need agencies that have oversight and can look at the whole issue in a way that an individual department can never do. A number of the agencies to be done away with by this legislation had that function as their main purpose and, I submit to you, fulfilled that function. To do away with those agencies is to eliminate the option or the possibility of them providing that important contribution to Canadian policy making, at a time when distinguished people in our neighbour country to the south are giving advice to the new administration there that that is the very thing that must be done. We are going in the other direction at an unfortunately high speed, in my opinion. That is a comment on collectivity.

I want to comment now, as many other senators have, on one of the agencies involved — namely, the International Centre for Ocean Development. I want to comment on that agency in the context of my interest in the environment.

Honourable senators, Canada has always wanted to be an important player in the world in terms of ocean environments. The work leading up to the Earth Summit in Rio de Janeiro identifies a number of initiatives with which we in Canada should be involved in terms of ocean development. The oceans are an important resource for us all — for the fishery sector, the mining sector, and others. The International Centre For Ocean Development, honourable senators, by my research, is the one and only obvious focus on the oceans that Canada has. To announce a withdrawal of funding and end that particular organization is unthinkably wrong.

The announcement of the demise of that organization was made immediately before the Earth Summit. The Prime Minister made commitments at that time, saying that the oceans are important to Canada and that we are committed to a better ocean environment. We have many problems in our territorial waters. Those are not the only problems with the oceans. The problems go beyond our territorial limits and continental shelves on three oceans. We must be involved, and we want to be involved.

Briefly, I want to quote from one of the papers prepared for the Earth Summit. It outlines conclusions and recommendations with respect to Canada's role in the area of oceans and activities in which Canada should be involved. I will read a few of them and end with a quote from the Prime Minister with respect to our commitment. The recommendations are as follows:

> - First, land-based sources of marine pollution should be seen within the context of a broad, overall concern for the health of our oceans and seas.
>
> - Second, we must adopt a comprehensive, sequential and coordinated approach based on action at the global, national, regional and local levels.
>
> - Third, in developing ocean management strategies, there is a continuing need for scientific information, but deficiencies in scientific understanding should not limit our actions.

- Fourth, states should adopt, individually or jointly, and in accordance with their capabilities, precautionary measures to prevent, reduce and control pollution from land-based sources.

- Fifth, point-source pollution should be reduced and controlled at source rather than at the point of environmental release.

- Sixth, the reduction and control of non-point-source pollutants requires broad changes in sewage and waste management, and practices in agriculture, mining, construction and transportation.

- Finally, a coherent strategy, whether on a national, regional or global scale, must be based on a commonly accepted set of principles, contain a set of goals to be achieved and prescribe the essential elements of environmental management at the national level.

Honourable senators, these are the recommendations that Canada supported, and that Canada played a role in establishing.

> Prime Minister Mulroney noted the importance of oceans to Canada's economy and environment and underlined the need for a comprehensive and global approach covering, *inter alia*, land-based sources of marine pollution, coastal zone management and the conservation and protection of living marine organisms.

Honourable senators, I think I have drawn enough from this preparatory communication leading up to the Earth Summit — as relevant now after the Earth Summit as it was before — to illustrate to you, I hope, the importance of this one agency as the one and only obvious focus on the oceans that Canada has at this time. The role of the agency has been transferred to CIDA, a much larger organization.

Honourable senators, I am not given to strong words, but let me say this: I am shocked and I abhor the idea that Canada would take itself out of the environmental play on an issue as important as the oceans.

Not long ago, immediately prior to Mr. Reagan taking office in the United States, Canada played an important role in bringing through the United Nations a Law of the Sea which would have been of immense value to all countries with sea coast, which includes most countries. That measure, unfortunately, was sidetracked. I do not know that we will ever return to that point. A Law of the Sea would have given us certainty in knowing how to exploit the resources, whether they are living organisms or mineral resources. We do not have that now. Gunboat power, in the end, is the determinant factor in who will dominate the resources of our continental shelves or limits.

• (1600)

Because of Canada's large coastline, its commitment to the ocean development and reliance upon it — God knows our current problem with the fishery should tell us how important that was — it is entirely unacceptable that this particular agency be abandoned at this particular time or at any foreseeable time that I can see.

Honourable senators, those are my comments on the main motion. It is not necessarily a likelihood that I will have persuaded honourable senators — having seen the vote on Senator MacEachen's amendment — but I put it to the witnesses that this is a great mistake. We should not vote in favour of Bill C-63.

The Hon. the Acting Speaker: It was moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Rossiter, that this bill be read the third time.

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

MOTION IN AMENDMENT OF SENATOR LEWIS NEGATIVED

Hon. P. Derek Lewis: Honourable senators, I should like to move a motion in amendment. I move, seconded by Senator Petten:

> That Bill C-63, An Act to dissolve or terminate certain corporations and other bodies, be amended by striking out clauses 24, 25, 26, 27, 28 and 29, under the heading "International Centre for Ocean Development" and that all subsequent clauses be renumbered accordingly.

The Hon. the Acting Speaker: Honourable senators, in amendment, it is moved by the Honourable Senator Lewis, seconded by the Honourable Senator Petten:

> That Bill C-63, An Act to dissolve or terminate certain corporations and other bodies, be amended by striking out clauses 24, 25, 26, 27, 28 and 29, under the heading "International Centre for Ocean Development," and that all subsequent clauses be renumbered accordingly.

Is it your pleasure, honourable senators — Senator MacEachen?

Hon. Allan J. MacEachen: Honourable senators, I wish to make a few brief remarks in connection with the amendment moved by Senator Lewis, the effect of which is to remove from the application of this bill the International Centre for Ocean Development. Inasmuch as the work of the centre is, according to government, to be continued in CIDA, it seems not a drastic impairment of the bill itself. Carrying this amendment would indicate some sensitivity to the regional impact of the bill and would maintain this body of expertise in a location where it is naturally suited, namely, Halifax.

Honourable senators, in my earlier comments I made the point that initially ICOD had been established as a corporation under Part II of the Canada Corporations Act. In November of 1983 it was established as a non-governmental organization under Part II of the Canada Corporations Act.

It escaped my memory until recently that following the election of the new government in 1984, ICOD was then the subject of legislation. The new Government of Canada examined the functioning of the International Centre for Ocean Development and found it so meritorious that it confirmed its existence and decided its status as a non-governmental organization should not be maintained; it should become a public corporation, and it should have its activities and its budget reviewed by Parliament.

That is a fairly recent decision and legislative act taken by the present government. Those of you who are interested may refer to the second reading speech made on February 14, 1985 by Mr. Stewart McInnes, the parliamentary secretary to the Minister for International Trade. As one of the sitting members for Halifax, naturally he was interested in this institution. In the course of his speech, he frequently draws attention to the suitability of Halifax as a site for this centre.

One further point arises from reading Mr. McInnes' speech: the relationship between the work of the International Centre for Ocean Development and the Canadian fisheries. That is a point not explored anywhere. Is it wise to disband this organization at a time when the Atlantic fishery itself is in such deep difficulty? It does not make sense. Mr. McInnes went on to say:

> The gap that exists between the ocean's known potential and the present poor rate of return is a clear indication of the need for rational management of these resources. Its initial and most obvious benefits would be the opportunity to supplement food resources and increase employment.

From my reading of the statement, there was a relationship between Canadian advantage and international advantage that could be derived from this institute.

I found it persuasive that not only had the government accepted the centre with merit, but also felt it so meritorious that it became the object of legislation passed unanimously in the House of Commons a few years ago. In fact, the bill to incorporate the centre as a Crown corporation, Bill C-22, was given second reading, referred to Committee of the Whole, reported and read the third time in the House of Commons on February 14, 1985. The whole proceeding took one hour and 20 minutes, indicating that unanimity existed behind the establishment of the International Centre for Ocean Development.

This is an opportunity for the Senate to fulfil a regional mission by saying that in this case, the International Centre should be maintained in its current regional base.

The Hon. the Acting Speaker: Honourable senators, it was moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Rossiter that this bill be read the third time.

In amendment, it is moved by the Honourable Senator Lewis, seconded by the Honourable Senator Petten:

> That Bill C-63, An Act to a dissolve or terminate certain corporations or other bodies, be amended by striking out clauses 24, 25 26, 27, 28 and 29, under the heading "International Centre for Ocean Development," and that all subsequent clauses be renumbered accordingly.

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

• (1610)

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Acting Speaker: Will those senators in favour please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those contrary-minded please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Acting Speaker: Please call in the senators.

Senator Frith: As soon as a senator steps into that Chair, his ears fail.

Hon. William M. Kelly: Honourable senators, I ask for a 30-minute bell. That would be until 4:55.

Senator Frith: How about 15 minutes?

The Hon. the Acting Speaker: Is it to be 15 or 30 minutes?

Senator Kelly: The vote will be at 4:55.

• (1620)

Motion in amendment of Senator Lewis negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	LeBlanc
Bonnell	Lewis
Cools	MacDonald (*Halifax*)
Corbin	MacEachen
De Bané	Marchand
Fairbairn	Molgat
Frith	Olson
Gigantès	Petten
Grafstein	Riel
Hastings	Sparrow
Hays	Stanbury
Hébert	Stewart
Kenny	Stollery
Kirby	Thériault—29
Lawson	

NAYS

THE HONOURABLE SENATORS

Barootes	Kinsella
Beaudoin	Lavoie-Roux
Beaulieu	Lynch-Staunton
Berntson	Macdonald (*Cape Breton*)
Buchanan	Macquarrie
Chaput-Rolland	Marshall
Cochrane	Meighen
Cogger	Murray
Comeau	Nurgitz
DeWare	Oliver
Di Nino	Ottenheimer
Doody	Poitras
Doyle	Robertson
Forrestall	Rossiter
Grimard	Ross
Johnson	Simard
Kelleher	Sylvain
Kelly	Twinn—37
Keon	

ABSTENTIONS

Nil

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Rossiter, that this bill be read the third time. Is it your pleasure to adopt the motion?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, may we apply the same division?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed on the following division:

YEAS

THE HONOURABLE SENATORS

Barootes	Kinsella
Beaudoin	Lavoie-Roux
Beaulieu	Lynch-Staunton
Berntson	Macdonald (*Cape Breton*)
Buchanan	Macquarrie
Chaput-Rolland	Marshall
Cochrane	Meighen
Cogger	Murray
Comeau	Nurgitz
DeWare	Oliver
Di Nino	Ottenheimer
Doody	Poitras
Doyle	Robertson
Forrestall	Rossiter
Grimard	Ross
Johnson	Simard
Kelleher	Sylvain
Kelly	Twinn—37
Keon	

NAYS

THE HONOURABLE SENATORS

Adams	LeBlanc
Bonnell	Lewis
Cools	MacDonald (*Halifax*)
Corbin	MacEachen
De Bané	Marchand
Fairbairn	Molgat
Frith	Olson
Gigantès	Petten
Grafstein	Riel
Hastings	Sparrow
Hays	Stanbury
Hébert	Stewart
Kenny	Stollery
Kirby	Thériault—29
Lawson	

ABSTENTIONS

Nil

• (1630)

PATENT ACT AMENDMENT BILL, 1992

MOTION TO ALLOCATE TIME — DEBATE SUSPENDED

Hon. John Lynch-Staunton, pursuant to notice of Tuesday, 2nd February, 1993, moved:

> That, pursuant to the provisions of rule 40, in relation to Bill C-91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters, not more than six further hours of debate be allotted to the consideration of the said bill at the third reading stage;
>
> That, when the debate comes to an end or when the time provided for the consideration of the third reading stage of the said bill has expired, the Speaker shall interrupt, if required, any proceedings then before the Senate and put forthwith and successively every question necessary to dispose of the said stage of the said bill; and
>
> That any recorded vote or votes on the said questions shall be taken in accordance with the provisions of rule 40(4).

He said: Honourable senators, in support of this motion, I simply want to put on the record how and when this legislation developed, which should convince all members that more than ample time has been made available to discuss the purpose of the legislation and the legislation itself.

The minister responsible for the legislation announced the government's intentions one year ago, January, 1992, and the bill which is before us was given first reading in the other place in June, 1992. The intention of the government and the bill incorporating this intention have been before the country and Parliament, in the first case for a year, in the second case for over six months.

The bill came to the Senate for first reading in December and went to committee for hearings beginning this January 18. The hearings before the committee took four days and four long evenings. Some 40 witnesses appeared, 25 more or less opposed to the government's position and 15 supporting it. This shows the committee was more than willing to give all those with views opposing the government's a chance to make their representations. The bill was then reported without amendment to this house on January 25, and debate has been going on ever since.

We feel that at this time, with the motion stating we can have six more hours of debate at third reading, that this should give ample time to analyze, study and assess the bill and have it come to a vote with a full knowledge of its purpose. Therefore I recommend this motion to the honourable senators for approval.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I oppose this motion and will be voting against it for two reasons, one general and one more specific.

The general reason, honourable senators, is that I really hope we will all eventually rescind this rule and not have closure in the Senate, as was the case for well over a hundred years. I ask honourable senators to take into account that I am saying this in the context of the possibility the odds and the polls favour; that I might find myself supporting a colleague who might be sitting where Senator Murray is sitting and wanting to impose closure. If the Liberals form the government, it is possible that we will be on that side, and that closure will be — beg your pardon?

Senator Meighen: He might not appoint you.

Senator Frith: I was very careful about that. The senator who just spoke, Senator Meighen, does not come here often enough to get into the habit of listening. If he had been listening, he would have heard me say I might find myself supporting a colleague who would be sitting where Senator Murray is. Senator Murray can testify that this is what I said. I am making no presumptions or assumptions about myself.

Senator Lynch-Staunton: But you might be interested anyway.

Senator Frith: I might be wanting to support a closure motion.

Senator Thériault: He who laughs last, laughs best. Remember that.

Senator Frith: Therefore, my support for removing closure provisions from the rules of the Senate is not based solely on the fact that it is uncomfortable to have it applied on this occasion.

I think this provision in the rules is there, perhaps understandably, as a reaction to what happened in the GST debate. We must remember that was certainly an exception in the history of the Senate. As long as the Senate stays an unelected body, the opportunities and justifications for filibusters are really rare. It means that whoever wants to launch a filibuster has to take responsibility for the public opinion against opposing legislation approved by the elected body and opposing a government. It is a big undertaking. It is not something you really need a defence against, which is all that closure is.

The only reason for closure is to shut off debate, and of course the justification given for it is always that it is there to prevent abuse of debates. Those in the Senate realize that this is not as easy as one might think theoretically, and as might be said to be a very reasonable possibility by the press or academics.

In practical terms, the abuse of debate in the sense of abuse of time is not a common occurrence, nor need it be anticipated as a common occurrence in the Senate. The historical fact is that it was hardly ever a problem in the Senate. I cannot

remember its ever being a problem in the Senate until the debate on the GST.

• (1640)

It seems to me that the response to what happened during the GST debate was overdone. The changes to the *Rules of the Senate* have merely weakened the Senate's effectiveness. For the Senate to be a chamber of sober second thought and to mount any filibuster or other abuse of time in debate is something about which I do not think the Senate need worry.

I wish to go on record as stating my hope that some day we will all agree to remove the provision for closure from the *Rules of the Senate* and get back to the more simple rules that applied before the GST battles. I thought they worked well. I know that many senators on both sides thought they worked well.

Senator Roblin spoke frequently about how he supported the simplicity of the Senate rules and the absence of complicated and arbitrary provisions, such as the provision for closure, and that we had a tradition of disciplining ourselves in a way that made such arbitrary provisions unnecessary.

The second branch of my submission to you, honourable senators, is that specifically it seems to me a shame to use closure on Bill C-91. Senator Lynch-Staunton has said that there has been ample time. Of course, an adjective such as ample in this context is one that tends to be chosen subjectively. This is an important bill. It is the kind of bill for which one would hope that the government, in considering its broad results and implications, would give as much time as the opposition wanted to debate it.

Also to be considered is the fact that the bill will sustain its star role in what we think of as the halls of infamy in this context, too. As far as I have been able to determine in a quick but fairly thorough search, this bill will earn the parliamentary life-long distinction of being the only bill in which closure was imposed at every phase in both Houses of Parliament. It was imposed at second reading in the House of Commons. Committee hearings were cut short after having the bill referred to it. Closure was used at report stage and for third reading.

Closure was used at second reading stage here in the Senate. Closure was used in the committee, because the committee majority insisted on a limited time for committee hearings. Now, it is being imposed at third reading.

It is not an enviable gold medal for this legislation to again have imposed on it closure at this stage. Bill C-91 will earn the Olympic status of being the only bill in Canadian legislative history that I can find with respect to which closure was imposed at every single stage. It is no exaggeration to say that this legislation was rammed down the throat of Parliament.

Honourable senators, for those reasons, I believe we should think again and defeat this closure motion and allow debate to continue until everyone who wants to speak on it has done so.

The Hon. the Speaker: Honourable senators, pursuant to rule 67(3), I must interrupt the proceedings so that the Senate may proceed to the deferred division on the amendments to Bill C-91.

Debate suspended.

THIRD READING — MOTION IN AMENDMENT OF SENATOR GIGANTÈS NEGATIVED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Beaulieu, seconded by the Honourable Senator Teed, for the third reading of Bill C-91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters,
>
> And on the motion in amendment of the Honourable Senator Gigantès, seconded by the Honourable Senator Hébert, that Bill C-91 be not now read the third time, but that it be amended by deleting clauses 11, 12 and 13 on pages 21 and 22.

The Hon. the Speaker: Honourable senators, according to the rules, the bell will ring for 15 minutes.

Call in the senators.

• (1650)

Motion in amendment of Senator Gigantès negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Kirby
Bonnell	Lawson
Bosa	LeBlanc
Cools	Lewis
Corbin	MacEachen
Davey	Marchand
De Bané	Molgat
Fairbairn	Olson
Frith	Petten
Gigantès	Riel
Grafstein	Sparrow
Graham	Stanbury
Hastings	Stewart
Hays	Stollery
Hébert	Thériault—31.
Kenny	

NAYS

THE HONOURABLE SENATORS

Barootes	Kinsella
Beaudoin	Lavoie-Roux
Beaulieu	Lynch-Staunton
Berntson	Macdonald (*Cape Breton*)
Buchanan	MacDonald (*Halifax*)
Chaput-Rolland	Macquarrie
Cochrane	Marshall
Cogger	Meighen
Comeau	Murray
DeWare	Nurgitz
Di Nino	Oliver
Doody	Ottenheimer
Doyle	Poitras
Forrestall	Robertson
Grimard	Ross
Johnson	Rossiter
Kelleher	Simard
Kelly	Sylvain
Keon	Twinn—38.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

THIRD READING — MOTION IN AMENDMENT OF SENATOR COOLS NEGATIVED

On the Order:

Resuming the debate on the motion of the Honourable Senator Beaulieu, seconded by the Honourable Senator Teed, for the third reading of Bill C-91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters.

And on the motion in amendment of the Honourable Senator Cools, seconded by the Honourable Senator Stanbury, that Bill C-91 be not now read a third time, but that it be amended by deleting paragraph 55.2 at page 2, and replacing it with the following:

55.2 It shall not be an act of infringement to

(a) manufacture a product for the purposes of determining the capabilities of the manufacturer to manufacture the product in commercial quantities;

(b) use a process for the manufacture of a product for the purpose of determining the capability of the user to use the process for manufacturing commercial quantities of the product produced by the process; or

(c) use of the products obtained by (a) or (b) above for the purposes of applying for regulatory approval or for the purposes of stocking the product for sale in commercial quantities.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, may we apply the same division?

Hon. Senators: Agreed.

Motion in amendment of Senator Cools negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Kirby
Bonnell	Lawson
Bosa	LeBlanc
Cools	Lewis
Corbin	MacEachen
Davey	Marchand
De Bané	Molgat
Fairbairn	Olson
Frith	Petten
Gigantès	Riel
Grafstein	Sparrow
Graham	Stanbury
Hastings	Stewart
Hays	Stollery
Hébert	Thériault—31.
Kenny	

NAYS

THE HONOURABLE SENATORS

Barootes	Kinsella
Beaudoin	Lavoie-Roux
Beaulieu	Lynch-Staunton
Berntson	Macdonald (*Cape Breton*)
Buchanan	MacDonald (*Halifax*)
Chaput-Rolland	Macquarrie
Cochrane	Marshall
Cogger	Meighen
Comeau	Murray
DeWare	Nurgitz
Di Nino	Oliver
Doody	Ottenheimer
Doyle	Poitras
Forrestall	Robertson
Grimard	Ross
Johnson	Rossiter
Kelleher	Simard
Kelly	Sylvain
Keon	Twinn—38.

—ABSTENTIONS

THE HONOURABLE SENATORS

Nil

• (1700)

Senator Molgat: By the rules, we suspended the debate on the closure motion for these two deferred votes, but we must go back to the closure motion and have a vote on it. Thereafter, we will be back to the main motion as amended, and we will be dealing with the first amendment.

Senator Murray: I think we have to adjourn the debate on the main motion first.

Senator Molgat: The main notion is not before us at this time. All that was before us were two deferred votes.

MOTION TO ALLOCATE TIME—DEBATE RESUMED

The Senate resumed from earlier this day the suspended debate on the motion of the Honourable John Lynch-Staunton:

> That, pursuant to the provisions of rule 40, in relation to Bill C-91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters, not more than six further hours of debate be allotted to the consideration of the said bill at the third reading stage;
>
> That, when the debate comes to an end or when the time provided for the consideration of the third reading stage of the said bill has expired, the Speaker shall interrupt, if required, any proceedings then before the Senate and put forthwith and successively every question necessary to dispose of the said stage of the said bill; and
>
> That any recorded vote or votes on the said questions shall be taken in accordance with the provisions of rule 40(4).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, under the rules, I believe we have two-and-a-half hours to debate this motion. It is not our intention to take the two-and-a-half hours. In the past, we have indicated our opposition to this motion. We simply want to make it clear again that we are opposed to it.

I have to admit that in a parliamentary system there can be need, in extreme circumstances, for this type of rule. However, I do not believe we need it here in the Senate. We never had need for it until the GST, when some people felt that we did. We never did before. There were mixed views, I have to say, even under the circumstances of the GST, as to whether it was needed. Be that as it may, it had never been needed previously.

I can see that, for use under extreme circumstances in a House of Commons, you should have that kind of rule. The problem is that the rule has been abused. Many of us will remember the enormous reaction when closure was used in the pipeline debate. That is my recollection of the time that there was a violent reaction by politicians, by the media and by the Canadian people, because it was seen as a major step.

The problem is that, since then, closure has become so common that there is no reaction, and this is bad for the parliamentary system. Closure does not exist for use as a routine way of doing business in a Parliament. It is anti-parliamentary, and it should be resisted at all times. The House of Commons should be resisting such motions much more than it does. The media in Canada should be resisting the use of such a measure and speaking out about it. The problem is that it is now accepted as common practice, and that is bad for our parliamentary system.

I want to repeat that I do not think it is necessary in this house. I do not agree with the present rules at all. I do not agree with the premise of the present rules. I believe that we have rules here that do not belong in the Senate of Canada. We can run our business in a very different way.

Having said that, I know that the government has the majority, as has been evidenced several times this afternoon on votes. I do not intend to delay the situation now. I will call for a standing vote. If, however, we can apply the same division, I am prepared to do that. If not, I will then have to call for a standing vote because, quite frankly, we are opposed to this rule and opposed to this practice in the Senate.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I appreciate the position stated by the Deputy Leader of the Opposition and, a few minutes before that, by the Honourable the Leader of the Opposition. We have had this discussion on at least one previous occasion in this chamber. I pointed out then, as I point out now, that the so-called closure rule, rule 40, must be read in conjunction with rule 39.

The so-called closure rule is a last resort in this place. There is a requirement under rule 39 that the two parties attempt to reach agreement on the length of time to be devoted to a bill at any stage. I believe that arriving at such an agreement on most legislation is conducive to the effective operation of this or any parliamentary assembly. I further believe that it is also conducive to the convenience of honourable senators on both sides.

I am informed that my friend the Deputy Leader of the Government and his counterpart, the Deputy Leader of the Opposition, had numerous discussions before we embarked on third reading and during the third reading debate on this bill, with a view to coming to an agreement on the duration of the debate at this stage. I think the Deputy Leader of the Opposition will concur now that no such agreement was possible. I hope he would testify to the fact that the Deputy Leader of the Government did not try to bring a hammer down on the opposition to suggest that the debate should be wound up in a couple of hours at any time. We were always open to suggestion as to the duration of debate at this stage.

However, sooner or later, in the absence of agreement, the government had to take the initiative to try to provide some predictability to this debate. It is on that basis that the Deputy Leader of the Government has brought in an allocation of time motion providing for six more hours of debate on this important bill.

Just before I sit down, there is one matter in the recitation of events by the Leader of the Opposition that I can, and should, correct. It concerns what happened at the committee. The Leader of the Opposition indicated that closure was effectively imposed at the committee stage because the majority imposed a deadline, or imposed a limited time on the deliberations of that committee.

I recall very clearly that, during the debate on second reading of this bill, I said to honourable senators that we had a good month for committee deliberations on this bill if we want to use it. I recall saying to the chairman of the committee and to other members of the committee — when they told me that the committee would meet on January 18, knowing it was my hope and intention to have the Senate meet on January 25 — "Why do you not meet on the fourth; why do you not meet on the eleventh?" The answer was always no, there was an agreement with the opposition; a week will suffice; we will meet on January 18; there will be 40 witnesses: 25 of them will be suggested by the opposition, 15 of them will be suggested by the government, et cetera.

• (1710)

I listened to the deliberations of the committee when I could. I read a good deal of the deliberations. The committee did a good job. All points of view were more than adequately expressed. As I said some time ago, I am most impressed with the care, attention and thoroughness with which honourable senators of both the Conservative and Liberal parties on that committee paid to their duties in dealing with that bill. I congratulate them all.

Honourable senators, I suppose we agree to disagree on the need for an allocation of time device in our system. We have not alleged that honourable senators opposite have filibustered this bill, have taken too much time, or are trying to delay the bill indefinitely. We have not made any of those allegations. All we are stating is that it has not been possible to come to an agreement between the parties as to the duration of debate at third reading. That is sufficient justification for the government to take the kind of initiative we have with the motion put forward by the Deputy Leader of the Government.

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Kelly:

> That, pursuant to the provisions of Rule 40, in relation to Bill C-91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters, not more than six further hours of debate be allotted to the consideration of the said Bill at the third reading stage;
>
> That, when the debate comes to an end or when the time provided for the consideration of the third reading stage of the said Bill has expired, the Speaker shall interrupt, if required, any proceedings then before the Senate and put forthwith and successively every question necessary to dispose of the said stage of the said Bill; and

Senator Molgat: Dispense.

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

Some Hon. Senators: No.

Some Hon. Senators: Yes.

The Hon. the Speaker: In my opinion, those honourable senators in favour of the motion have it.

Senator Molgat: Honourable senators, I want to request a standing vote, unless we can have agreement that it be on the same division; in other words, that we had a standing vote based on the last vote. I believe no one has left the chamber in that time, so I propose that this vote be recorded as the previous vote.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion of Senator Lynch-Staunton passed on the following division:

YEAS

THE HONOURABLE SENATORS

Barootes	Kinsella
Beaudoin	Lavoie-Roux
Beaulieu	Lynch-Staunton
Berntson	Macdonald (*Cape Breton*)
Buchanan	MacDonald (*Halifax*)
Chaput-Rolland	Macquarrie
Cochrane	Marshall
Cogger	Meighen
Comeau	Murray
DeWare	Nurgitz
Di Nino	Oliver
Doody	Ottenheimer
Doyle	Poitras
Forrestall	Robertson
Grimard	Ross
Johnson	Rossiter
Kelleher	Simard
Kelly	Sylvain
Keon	Twinn—38.

NAYS

THE HONOURABLE SENATORS

Adams	Kirby
Bonnell	Lawson
Bosa	LeBlanc
Cools	Lewis
Corbin	MacEachen
Davey	Marchand
De Bané	Molgat
Fairbairn	Olson
Frith	Petten
Gigantès	Riel
Grafstein	Sparrow
Graham	Stanbury
Hastings	Stewart
Hays	Stollery
Hébert	Thériault—31.
Kenny	

ABSTENTIONS

Nil

THIRD READING — MOTION IN AMENDMENT OF SENATOR BOSA NEGATIVED

On the Order:

Resuming the debate on the motion of the Honourable Senator Beaulieu, seconded by the Honourable Senator Teed, for the third reading of Bill C-91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters,

And on the motion in amendment of the Honourable Senator Bosa, seconded by the Honourable Senator Fairbairn, that Bill C-91 be not now read a third time, but that it be amended by deleting Clause 5 of the Bill at pages 3 and 4, and replacing it with the following:

> 44(1) Subject to section 46, the term limited for the duration of every patent, other than a patent pertaining to a medicine, issued by the Patent Office under this Act the application for which patent is filed after the coming into force of this section shall be twenty years from the date of the filing of this application in Canada.
>
> 44(2) Subject to section 46, the term limited for the duration of every existing patent and patent to be issued by the Patent Office pertaining to a medicine, shall be twenty years from the date of the first filing of the application in Canada.
>
> 44(3) If a new patent issues or has issued regarding a product for which a licence application has been filed or issued, the licence will automatically be extended to include the new patent.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: In my opinion, those honourable senators opposed to the motion have it.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Your Honour, we are prepared to have the vote on the same division.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion in amendment of Senator Bosa negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Kirby
Bonnell	Lawson
Bosa	LeBlanc
Cools	Lewis
Corbin	MacEachen
Davey	Marchand
De Bané	Molgat
Fairbairn	Olson
Frith	Petten
Gigantès	Riel
Grafstein	Sparrow
Graham	Stanbury
Hastings	Stewart
Hays	Stollery
Hébert	Thériault—31.
Kenny	

NAYS

THE HONOURABLE SENATORS

Barootes	Kinsella
Beaudoin	Lavoie-Roux
Beaulieu	Lynch-Staunton
Berntson	Macdonald (*Cape Breton*)
Buchanan	MacDonald (*Halifax*)
Chaput-Rolland	Macquarrie
Cochrane	Marshall
Cogger	Meighen
Comeau	Murray
DeWare	Nurgitz
Di Nino	Oliver
Doody	Ottenheimer
Doyle	Poitras
Forrestall	Robertson
Grimard	Ross
Johnson	Rossiter
Kelleher	Simard
Kelly	Sylvain
Keon	Twinn—38.

ABSTENTIONS

Nil

THIRD READING — DEBATE RESUMED

On the Order:

[Senator Senators]

Resuming the debate on the motion of the Honourable Senator Beaulieu, seconded by the Honourable Senator Teed, for the third reading of Bill C-91, An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters.

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

Hon. Royce Frith (Leader of the Opposition): Honourable senators, faced with closure imposed by a government hellbent on crushing all opposition or change to PMAC's interests, maintaining support for the interests of individual Canadians is difficult. The multinational pharmaceutical companies represented by PMAC have legitimate interests — maximization of profits. We should understand that. We have been very critical of the pharmaceutical companies, but that is their game, their objective. It is a legitimate objective to maximize profits. But that does not mean that the government must deliver the interests of most Canadians bound and gagged to PMAC's altar.

Honourable senators, it is legitimate, in fact biologically ordained, that cats eat canaries. You cannot tell the cat to stop eating canaries. It is a legitimate objective. But it is a bit rich when the cat tells you that it is all for the benefit of the canary.

Therefore, before I present a few final observations on Bill C-91, I want to direct senators' attention to certain remarks Senator Murray made on January 26, when he rose to participate in the debate on third reading. We on this side of this chamber were pleased to see him do so. Senator Kirby, the Deputy Chairman of the Standing Senate Committee on Banking, Trade and Commerce, had just finished describing the work of the committee and explaining why Liberal senators are so adamantly opposed to the legislation's passage. So when Senator Murray rose to speak, we all settled back in anticipation of a stout and spirited justification of what, to us, seemed to be beyond justification.

The government leader started by saying:

> Honourable senators —

So far, so good.

> — this is an enormously complex subject.

Still so far, so good.

The Hon. the Speaker: Honourable senators, please, out of courtesy to Senator Frith, I must invoke rule 19(3). If there are any conversations to be held in this place, they should be held in the back of the chamber.

Senator Frith: Thank you, Mr. Speaker. That will prevent me having to shout to be heard.

The Leader of the Government in the Senate started by saying this:

> Honourable senators, this is an enormously complex subject, an interesting one and an important one, having as it does implications in the public policy area in a number of fields, both domestic and international.

Bravo! He certainly has the setting and the implications right. He continued:

> It is far more complex than some of the simplicities that we have heard over the past few weeks would lead one to believe.

Agreed. One needs only to turn to the testimony given by the Honourable Michael Wilson when he appeared before the committee to fully appreciate what Senator Murray is saying about "simplicities" — even simplemindedness.

Listen to this, the testimony of Mr. Wilson:

> We are doing this at this time because it is in our best interest. It is good for Canada, and it is good for Canadians.

Or:

> This bill is about seniors. This bill is about children.

Or my favourite:

> Bill C-91 resulted in a net saving to drug purchasers in Canada of $424 million over the first five years.

Really?

So that is why the big pharmaceutical companies and even the President of the United States lobbied Prime Minister Mulroney so relentlessly. They wanted to save Canadians a half a billion dollars that would otherwise have flowed into the coffers of giant American pharmaceutical companies.

Honourable senators, perhaps I am just not romantic enough about PMAC, but I cannot believe that. No one I have ever met or read believes it.

Does anyone on the government side really believe this? Is there a single senator on the government side who will stand up and say, "Yes, Michael Wilson, I agree that the international pharmaceutical industry spent millions of dollars in lobbying to force passage of legislation that took almost half a billion dollars out of their pocket"?

Let the record show that nobody stood up on the other side. Evidently, this is too preposterous even for them. So I agree with Senator Murray: We have had too many simplicities, if what he means is simplemindedness, even idiocies, that this government is asking Canadians to swallow.

• (1720)

In his remarks, the Leader of the Government moved along to congratulate those who had been participating in the committee proceedings and the debate for their "very considerable interest and thoroughness". This was, of course, a most appropriate way for him to end his introductory remarks. However, it was not only an end to his introduction of Bill C-91, it was the end of his entire speech on the proposed legislation: Two paragraphs of insight on what he described as an "enormously complex subject". Not only did he not deal with the substance of the bill, he did not even say whether he supported it.

Senator Murray is exhorting his colleagues to support this legislation but he leaves it to other members of his caucus to publicly defend the indefensible. Perhaps in his dying days of political power he wants to leave with the dignity of refusing to defend the indefensible.

On the substance of the bill itself he may have suffered a relapse of the lockjaw that afflicted him during Question Period. After Senator Murray, in 30 seconds, had said all he had to say about Bill C-91, did he blessedly resume his seat? No. He then brought on his "St. Lowell" or "Miss Manners" persona, climbed up on his pulpit and delivered an arrogant — and I found pompous — lecture to we poor sinners who refused to see the purity of his enlightenment.

Here was the Leader of the Government, speaking for the first, and possibly the last, time on legislation designed to remove hundreds of millions and possibly billions of dollars from the pockets of all Canadians foolish enough to get sick, and what does he want to discuss? Not the billions of dollars at stake; not the glorious proliferation of R&D laboratories across the land; not the wonderful new medicines that would see us all live forever; in fact, none of the above. "Miss Manners" decided it was more important to lecture us about etiquette and how we should all leap back to our seats and remain seated whenever the Speaker rose from his chair. Our failure to do so the previous evening greatly distressed him.

However, he was not distressed about the testimony the committee heard about poor, working families having to make choices between filling a prescription and buying a pair of children's winter boots or even food. No; that did not trouble him. It certainly did not provoke him to speak about the bill. Instead, he forced us to turn our attention away from this iniquitous legislation by wagging his finger at his Senate colleagues and forcing us to respond to his gesture.

Erskine May's Treatise on the Law, Privileges, Proceedings and Usage of Parliament, 18th Edition, at page 411, states:

> A Member, when called to speak, must direct his speech to the question then under discussion...

Bourinot is even more explicit. At page 340, under the heading "Relevancy of Speeches," *Bourinot* says:

> The freedom of debate requires that every member should have full liberty to state, for the information of the house,

> whatever he honestly thinks may aid it in forming a judgement upon any question under its consideration.

Did anything Senator Murray say aid this house "in forming a judgement" on the question before it? Do not tell me he was in order because he was speaking about order! He rejected that characterization himself and the Acting Speaker, Senator Comeau, leapt to agree with him without even being asked or listening to other opinions from other senators.

It is true that Senator Murray did say that Bill C-91 was complex. He did say it had international dimensions. He did say that "there have been too many simplicities spoken." But did he explain the complexities and explore the international dimensions? Did he offer substance in the place of simplistic arguments? Did he even say whether he supported the legislation?

The answer to all questions is "No". Senator Murray said not one word about what he thought of the legislation. His remarks were completely irrelevant to the question before the Senate. They offered no guidance whatsoever to the members of this chamber on what should be the fate of Bill C-91.

Though traditionally interpreted with wide leniency, relevancy of debate is one of the most fundamental and oldest traditions of legislative bodies the world over. It was applied at meetings of elders in traditional societies, assemblies of free citizens in ancient Greece, and it is central to debates held in any 20th Century legislative assembly — even in alleged dictatorships.

But the Leader of the Government broke this cardinal rule of all legislative bodies. Why? He did so in order to give gratuitous lectures on rule-breaking. Instead of launching an inquiry, he bootlegged pedantic —

Senator Gigantès: As usual.

Senator Frith: — and I felt conceited, irrelevant remarks into the middle of the debate on one of the most important and unfortunate pieces of legislation his government has ever introduced.

Senator Murray: The opposition is still rankled.

Senator Frith: I would say so. I have somewhat recovered, but if the Leader of the Government has any doubt that, when he gets up on his pulpit and gives us his "Miss Manners" and "St. Lowell" lecture, it rankles, he is wrong; it rankles.

Senator Gigantès: It bores.

Senator Frith: What are we to do? His remarks, though completely irrelevant to the question before us, are part of the permanent record of this chamber. Wrong and wrongheaded, they cannot go unchallenged. However, if I try to set the record straight, will I also be falling afoul of the rule of relevancy? I submit not, and I will explain why. By showing how completely irrelevant and erroneous were Senator Murray's observations, we will understand that the Leader of the Government in the Senate, by giving no reason at this final, decisive, stage for anyone in this chamber to support this legislation, has helped us "form the judgment", as *Bourinot* puts it, to vote against it.

On Tuesday, Senator Murray alleged three specific breaches of the *Rules of the Senate* and claimed that the committee's report on Bill C-91 was highly irregular.

The first breach of the rules alleged by Senator Murray relates to raising questions of privilege. Rule 23(1) states:

> During the time provided for the consideration of the daily Routine of Business and the daily Question Period, it shall not be in order to raise any question of privilege or point of order.

I have always felt that rule was quite senseless. It means that if a senator raises a point of order, another senator must also raise a point of order to point out that the senator is in contravention of the rules. However, under our rules, that second point of order cannot be raised either. What idiocy! The rule goes on to state:

> Any question of privilege or point of order to be raised in relation to any notice given during this time can only be raised at the time the Order is first called for consideration by the Senate.

We can dispense with the second sentence because we were not dealing with any "notice"; we were dealing with an incomplete report of a committee.

It had been agreed by the committee that the report on Bill C-91 would contain the observations of Liberal members. However, when the report of the committee was read into the Senate record, there were no Liberal observations. There were others, but no Liberal observations. Senator Olson, relying on rule 44, rose to object. What does that rule say? It states:

> 44.(1) The preservation of the privileges of the Senate is the duty of every senator. A violation of the privileges of any one Senator affects those of all Senators and the ability of the Senate to carry out its functions outlined in the *Constitution Act, 1867*. Action to ensure such protection takes priority over every other matter before the Senate. However, to be accorded such priority, a putative question of privilege must meet certain tests. It must, *inter alia*,
>
> (a) be raised at the earliest opportunity;
>
> (b) be a matter directly concerning the privileges...
>
> (c) be raised to seek a genuine remedy...

(d) be raised to correct a grave and serious breach.

But it must be raised at the earliest opportunity.

That we have a conflict in the rules is not surprising since they were dreamed up and drafted by the Tory procedural brains trust following the GST debate. Inconsistency, like irrelevancy, is this government's stock in trade. One rule says that a senator should not raise a point of privilege at a certain stage; and the other rule says that it must be done immediately because privilege flows from our Constitution and "takes priority over every other matter before the Senate." According to the government leader, we should have ignored this rule after seeing that the committees's report did not contain the observations of Liberal members and was therefore irregular. We should have sat quietly and said not a word. He clearly thought he should be able to go on and on about what he thought was irregular, but not a word allowed about what we thought was irregular. All through Routine Proceedings, Question Period and the Orders of the Day we should have done nothing to draw attention to the fact that the committee's report on Bill C-91 was incomplete. We were supposed to sit there.

• (1730)

The next morning pursuant to rule 44(3), Senator Olson, according to this system, would have had to provide written notice to the Clerk of the Senate that there was a problem. This is the day after the whole thing had happened; after the committee had read in its report without implementing the agreement that the Liberal comments should be included. Senator Olson was to sit there and do nothing. The next morning he would provide written notice to the Clerk of the Senate that there was a problem. When the Senate met at 2 p.m. Senator Olson would then rise to give oral notice that he had a question of privilege. This is the question of privilege about something that happened the night before. The Senate would then proceed with its regular business — "Not yet, senator", he would be told — including the debate on third reading of Bill C-91. At the end of the day, when everything else had been completed they would say, "Now, Senator Olson, you can raise a point of privilege on the basis of what was done to you last night." It is idiotic. It is not in conformity with rule 44(1) which states in part, "Action to ensure such protection takes priority over every other matter before the Senate." Yet other rules say no. It takes priority over nothing; first we deal with everything else, and later on, the next day at the end, you may get a chance to raise it. According to Senator Murray, Senator Olson should have patiently sat through two Question Periods, two rounds of presenting petitions, two days of speeches on anything that was on the Orders of the Day before daring to tell senators anything about his question of privilege. According to Senator Murray, this meets the test of giving priority to questions of privilege.

These are the rules which Tory government supporters have imposed on the Senate and this is the interpretation that the Tory leader in the Senate advocates. Does the government leader really expect that Senator Olson, or any individual senator on either side of the chamber, would find this acceptable for his or her individual case of privilege? It sucks all the life out of the privilege and leaves an empty, dry, dead husk. Senator Murray expressed outrage that Senator Olson dared raise a question of privilege thinking there still was such a thing. Senator Olson and each one of us should be outraged at the outrageous new rules imposed by the government. All of us should be outraged at what the government has perpetrated, and Senator Murray's lectures on the matter do not inform us but infuriate or, to use his word, "rankle us by their ignorance." Of course, the rankle is with the arrogance. So much for the question of privilege.

I have already mentioned the second alleged violation of the rules which so incensed Senator Murray; our failure to leap back into our seats when the Speaker rose in his place. The government leader railed, "This undisciplined practice gives the Senate a very bad name indeed". This in contrast to the good name the Senate now enjoys. Is that in contrast to the accolades Canadians showered on the Senate when the Speaker sent a note to a few senators saying there would be a surprise vote in 45 minutes, at 5:30 p.m., and then ordered the doors locked at 5:25 p.m., thereby holding the vote in the absence of any members of the official Opposition? That certainly made a name for the Senate, a name that distinguishes it probably from all other legislatures in history.

Or perhaps Senator Murray was thinking of all the praise that Canadians heaped on the Speaker and the Senate following the Speaker's decision to invent closure-on-the-run so the popular GST would pass. What "a very bad name indeed" we would have had, had the Speaker applied the rules as he was obligated to do, thereby ensuring that the introduction of the GST was delayed by at least a year, if not killed altogether. Does he believe Canadians would have been incensed and that we should be ashamed? Hundreds of thousands of Canadians were signing and sending petitions asking the Senate to do what? Were they pleading with the Speaker to break the rules so they could get a GST imposed on them? It seems possible Senator Murray would actually remember it that way, but that is not the way anyone else, except his co-conspirators and the Speaker, remember it.

The third rule we were charged with violating is another one of those post-GST, Tory knee-jerk, baby-with-the-bath water rules, namely rule 23(7). That rule provides that Question Period is to be called within 30 minutes of the start of Routine Proceedings. That did not happen on Monday evening because we were on a question of privilege which, according to rule 44(1), not only "takes priority over every other matter before the Senate" but is rooted in the Constitution of the land. The rule itself says it is rooted in the Constitution of the land. Ignore rule 44(1) says Senator Murray. Question period and everything that follows must not be delayed. He warned that if these time limits were not followed there could be great danger — "You have then paralyzed the business of the Senate for that day," he said. Did we paralyze business on that Monday? We were in at 8 p.m. and we were out two hours and fifteen minutes later at 10:15, all business completed. Was that too strenuous for the government leader? Should we have completed all business and adjourned by 9:15 p.m. or maybe 8:15 p.m. Tell us, what are his endurance limits? He might have suggestions for further rule changes Senator Robertson and her colleagues can make to accommodate him and his short energy string. The paralysis argument is nothing but a pile of straw.

In addition to the alleged breech of these three rules, Senator Murray asserted, pronounced, pontificated that, "when a committee reports a bill the committee may report the bill with amendments, without amendments or with a recommendation that the bill not be proceeded with." So a committee has, according to Senator Murray, a choice of one of three conclusions when it reports, nothing more. No commentary, no observations, nothing; except one of those three conclusions.

Senator Murray: I read you the relevant citations.

Senator Frith: Yes, and I will read them to you, sir. Neither the new cockeyed rules nor *Beauchesne's* supports them. Rule 97(2) which he himself read into the record states:

> A report of any select committee shall contain the conclusions agreed to by the majority.

Notice, it does not say "conclusion" in the singular, but "conclusions" in the plural. Senator Murray says there can only be one of three singular choices. Therefore, if the committee wanted to report conclusions, in the plural, it would, according to the argument advanced by Senator Murray, place in its report two of these conclusions or possibly all three.

For example, following the Murray doctrine, the committee could report with amendments and without amendments simultaneously. Or it could recommend that the bill not be proceeded with, together with amendments. Clearly when rule 97(2) speaks of conclusions, it is referring to something more than one of three choices.

Senator Murray claims that "observations, whether they are majority observations, observations from the opposition or unanimously-agreed-upon observations are not part of the report." He said that at page 2636. He then argues that they should be appended to the report or preferably placed in a separate report. He said:

> If there is an agreement among the senators on the committee that there should be observations, whether they are unanimous observations, majority observations, or observations from a minority of the committee, those observations should be placed in a separate report —

Senator Murray: That is what Senator Molgat suggested when he was chairman of the rules committee.

Senator Frith:

> — which would be tabled preferably at the start of third reading.

That contradicts the citation from *Beauchesne's* which Senator Murray himself read to the Senate. Citation 870 at page 240, Sixth Edition says:

> "It is the custom to include the opinions of dissenting members in a committee report. No separate minority report may be tabled in the house."

Therefore, according to *Beauchesne*'s, the opinions — plural, and not merely the conclusion, singular — of the dissenting members are included in the report, not appended thereto. This citation, which he quoted, categorically rules out the suggestion of a separate report, particularly a report by the minority.

• (1740)

Senator Murray claims that as far as having observations in a committee report, "There is no provision and no practice except a very informal practice which has grown up in this place in recent years..."

A recent development, he claims. Where? In the House of Commons?

I would like to read a few sentences from a report tabled in the House of Commons as it appears in the *Journals of the House of Commons*:

> Mr. Fisher, from the Select Committee to whom was referred Bill to amend the Copyright Act, beg leave to report as follows:
>
> Your Committee find that the legislation covered by the proposed Bill has been asked for by the Canadian Authors' Society, and the Canadian Publishers, and it is on their representation...

The next paragraph commences with the words:

Your committee also find that the protection...

The next paragraph commences with the words:

Heretofore there has been constant friction...

The next paragraph commences with the words:

At the present time we have the very satisfactory spectacle...

The next paragraph commences with the words:

Fear has been expressed...

That is a long paragraph containing five lines, and the next paragraph contains six lines. The paragraph following those two commences with the words:

Your committee is however of the opinion that this fear is groundless...

This is a long paragraph containing nine lines. The last paragraph commences with the words:

Your Committee therefore beg...

Senator Murray: "Your Committee therefore beg" what?

Senator Frith: The date of that report, fortifying the idea that it is a recent development, is July 3, 1900.

Senator Murray: Did they report the bill?

Senator Frith: Yes, they reported the bill with those observations in the report — "in" is the preposition. They did the very thing Senator Murray said could not happen.

Senator Murray: Without amendments?

Senator Frith: This very recent development occurred, by my calculation, 36 years before Senator Murray was born.

Senator Murray: Send that over here. I would like to see it.

Senator Frith: That was from the *Journals of the House of Commons*.

If we turn to the *Minutes of the Proceedings of The Senate of Canada* for June 28, 1923, five months before I was born —

Senator Murray: Have the Page bring that over. I want to look at it.

Senator Frith: You will get it, sir, and you will get everything else you want to prove how wrong you were.

Contained in the *Minutes of the Senate*, printed five months before I was born, honourable senators will find a nine-page report in the Senate from a special committee which had referred to it three bills dealing with war veterans. The report contains explanations, observations as well as verbatim extracts of the testimony of witnesses. It contains exactly what Senator Murray said did not exist: "There is no provision and there is no practice except a very informal practice which has grown up in this place in recent years." In this case, in the Senate, the example of "recent years" is 70 years ago.

That is enough about this tendency of the government leader to pine for things that never were.

Senator Murray: Send that report over here. I want to take a look at it.

Senator Frith: You will get it. Pay attention. If I send it over there you will start reading it because it is very long and all the observations are in the report, which is exactly where they put them. If I send it over to you, it will only embarrass you, sir, because it is not a separate report. Everything is contained in the report.

Senator Murray: I want to look at the bottom line. Come on, send it over.

Senator Frith: We listened to Senator Murray's lecture last week. In closing his lecture to us all last Tuesday —

The Hon. the Speaker: Order!

Senator Frith: I am glad we are getting a bit of rankling on the other side. Now the rankle is the other way.

In closing his lecture to us last Tuesday, Senator Murray said, "I do not believe that good results can ever flow from bad procedure." Amen, St. Lowell! Amen, sir! They certainly did not flow from your performance last Tuesday.

When he rose to speak on third reading of Bill C-91, the government leader broke the cardinal rule of relevancy. That was "bad procedure" and the results were not good.

Before leaving January 27, 1993 — that was the pulpit night — I want to say a few words about another erroneous statement made by the government leader. As reported at page 2624 of *The Debates of the Senate*, following Senator Kirby's observations that the steering committee of the Banking, Trade and Commerce committee agreed to append a four-page summary of Liberal observations to the committee's report, Senator Murray said, "I thought that was unacceptable to the opposition last night. Confusion indeed."

To set the record straight, that was not unacceptable to us on Monday evening, January 25. As Senator Kirby said in his statement, we were dealing with a four-page summary. It was distilled from the much larger document Senator Barootes referred to in his remarks of Monday, January 25.

At approximately 7 p.m. on that Monday evening, there was a call to my office, made on behalf of the committee, asking whether a half page document, prepared by researchers from the Library of Parliament, was to be added to the committee's report as Liberal observations. That document had been faxed to my office at 6;42 p.m. The answer which my office gave, almost verbatim, was:

> Liberal senators had not asked the Library to prepare any observations on Bill C-91. Liberal senators had prepared their own observations.

We now know the committee had agreed.

The observations prepared by Liberal senators are those that now appear as an appendix to the *Debates of the Senate* of Tuesday, January 26, 1993, and that we had wished to appear in the committee's report when tabled on Monday, January 25. That is the end of that story.

It is unfortunate that I had to devote so much time to Senator Murray's comments of Tuesday last, but I could not let them, wrong and wrong-headed as they were, remain on the record unchallenged.

In closing, I would like to make a few comments on the substance of the legislation itself.

Hon. Senators: Hear, hear!

Senator Frith: Senator Murray did not bother, but I intend to say something about the bill. My comments will be comparatively brief because the government has made it clear that the merits of the case have no bearing on the outcome. We on this side are wasting our breath if we think the government is wrong. Conservative senators have been whipped, and whipped hard, to vote in favour of the bill. They will do so, even though the evidence presented to our committee leads to the inescapable conclusion that this is a piece of legislation that does not deserve to pass.

Nevertheless, I believe it is important to place on the record some very disturbing facts about this bill. I do not do it in the expectation of changing minds, but rather to ensure that all those who vote in favour of Bill C-91 are under no illusion as to what they are doing and what is being done.

First, PMAC v. CDMA. This bill represents a fundamental difference of opinion between not only the Government of Canada and the majority of Canadians, but between two branches of the same industry.

On one side is the Pharmaceutical Manufacturers Association of Canada, known as PMAC. It represents the Canadian branch plants of large foreign pharmaceutical companies. For instance, in Canada we have Eli Lilly Canada Inc. It is wholly owned by Eli Lilly and Company of Indianapolis, Indiana. It reminds one of the Pharmaceutical Manufacturers Association of Canada, based in this country, as opposed to the Pharmaceutical Manufacturers Association — no "Canada" — headquartered in the United States. The Canadian organization, like its member companies, has a name identical to its U.S. counterpart. The only difference being the word "Canada" at the end.

PMAC, in Canada, has been lobbying and arguing in favour of a policy identical to that being advocated in the United States by the former government of the United States, the PMA, based in the United States, and the individual pharmaceutical companies headquartered in the United States. In fact, Mr. Edmund T. Pratt Jr., Chairman of the Board of Pfizer of New York, bragged in his company's 1991 annual report of the role he had played in having patent protection placed on the agenda in international trade talks. He stated:

> ...as a member and chairman of the presidentially appointed Advisory Committee for Trade Negotiations, I helped broaden the agenda to include two critical areas: fair investment rules and protection of intellectual property.

I assume he is talking about both GATT and NAFTA. The government claims Bill C-91 flows from those agreements.

To recap, on one side of the debate we have PMAC which through its relentless lobbying, is helping ensure that the American government, the American pharmaceutical companies and the American Pharmaceutical Drug Manufacturers Association get what they want from Canada.

On the other side of the equation, we have the Canadian Drug Manufacturers Association, otherwise known as CDMA. Its members are primarily Canadian-owned generic pharmaceutical companies. They have strongly evolved since 1969 when compulsory licensing was introduced by the Liberal government. CDMA testified that based on 1987 government statistics, the generic industry had 10 per cent of total pharmaceutical sales and 22 per cent of total pharmaceutical industry assets.

• (1750)

Mr. Jack Kay of the CDMA explained to our committee:

> That is important because the head offices of the Canadian Drug Manufacturers Association companies are located in Canada. Canada is our head office. Our decisions are made right here in our head office. We are not dictated to by a head office located in the United States, Switzerland, Germany or England. That is a very

> important factor. We have 22 per cent of the assets because all of our business done internationally is done from our head office here in Canada. Our exports are done from Canada because that is where our companies are. The multinationals, which have subsidiaries in all parts of the world, choose the best country from which to export to Third World countries. We export from Canada. Canada is our home base.

That is quoted from issue 27, page 108. That evidence was not disputed by the government. In contrast, it is a fact that most of the offices, laboratories and manufacturing facilities of PMAC companies are in their home countries.

Eli Lilly, for example, has 2.7 million square feet of research facilities in two American cities. When Mr. McCool of Eli Lilly of Canada Inc. was asked by Senator Kirby:

> What would the comparable figure be for Canada? Do you have a ballpark figure?,

Mr. McCool answered:.

> It is 16,000 square feet if you talk about our Lilly analytical research laboratory ...

When questioned again, he then denied that 16,000 square feet in Canada was the corresponding figure to the 2.7 million in the U.S., suggesting there was more in Canada but not saying how much more.

Say Lilly has twice as much. Double it. Say it is 32,000 square feet in Canada. There is no evidence that there is that much space, but let us give him the best of it. How does that compare to facilities in the United States? It is 1.19 per cent. Eli Lilly Canada Inc. contributes approximately 3 percent of the company's total revenues. When it comes to R&D facilities, it certainly does not get 3 per cent of what is built in the United States, let alone 3 per cent of the company's worldwide research facilities.

It is a simple fact of life that PMAC member companies, like Eli Lilly, are wholly-owned, controlled and run by parent companies located outside Canada's borders. PMAC member companies send their profits to their parent companies, and that is from whence shareholders receive dividends and facilities are built; not in Canada.

Bill C-91 will not change that. It will, in fact, exacerbate the problem. More money will be collected in Canada; more money will be sent on its way to Indianapolis, or wherever, where more people will be hired and more dividends paid, all courtesy of Canadians who get sick. Since PMAC refuses to increase its existing commitment of 10 per cent of sales to R&D, the lion's share of the extra money that this legislation brings in will find its way to the parent company.

The generic industry, though not a major threat to PMAC, was nevertheless irritating because it was disrupting this cosy relationship. It was developing a real base in Canada for not only the Canadian market but markets overseas. It was also setting a bad example for other countries, and that was not in the interests of PMA in the United States or its member companies, and thus not in the interests of PMAC, its Canadian son or servant.

Therefore, we are now asked to make a choice. Are we satisfied with having all the decisions made in foreign lands and our industry dominated and controlled by foreign interests? Do we consider the Canadian-controlled and -owned generic industry an unwelcome threat to these interests? Should the Canadian-owned companies be discouraged from irritating the international pharmaceutical companies? If the answer is yes, vote in favour of Bill C-91.

One of the biggest differences of opinion between the supporters and opponents of this legislation is how many extra years of market exclusivity the pharmaceutical industry will get if this bill is passed. The government says the bill will increase the market monopoly of drugs by an average of 3.2 years. That was the figure used for its cost calculations. The Manitoba government testified it would be 7.6 years, and Dr. Stephen Schondelmeyer calculated an average of 7.2 years.

Who is right? The answer is important, because it goes a long way towards explaining the vast difference in estimates as to what the total cost of the legislation will be to Canadians. Fortunately, we can determine the answer fairly easily and with some precision by returning to Bill C-22.

When the Honourable Harvie Andre was before the special committee of the Senate on the subject matter of Bill C-22 on April 14, 1987, he argued that the impact of the bill would not be as substantial as one might think. Mr. Andre produced a chart, and I have it here. In order to understand what he said, I would like leave to append the chart to the record.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of document, see appendix p. 2761)

Senator Frith: At the time of his appearance before the committee, Mr. Andre produced this chart, and I will produce it now so that we will not misinterpret him. He said:

> ...if a new drug is invented, discovered, that has some potential therapeutic benefit, an application for a patent would be made ... It takes roughly three years for a patent to be granted. It is (year) "0" when a patent is granted.

That was at page 29.

Then he explained, and showed us by way of his chart, that a Notice of Compliance, or a NOC, which is needed to market the product, usually is issued in the fifth year of the product's patent life. His chart shows the NOC issuing at Year Number 5 of the patent. Mr. Andre then explained:

> ...that period of eight years from the point of application to about five years, on average, is time spent doing research on the drug necessary to receive government approval and approval from the Department of Health and Welfare.

Bill C-22 did not abolish compulsory licensing. Instead, it provided for a period of market exclusivity of seven or ten years, depending on whether the generic competitor was willing to manufacture the active ingredient in Canada. According to the words of the Honourable Harvie Andre and the chart he provided, that period of market exclusivity or market monopoly begins, on average, at Year Number 5 of the product's patent life. That is the year the NOC, or Notice of Compliance, is issued by Health and Welfare. Add seven years of market exclusivity from Year 5, and you are at Year 12 in the product's patent life. If you add ten years of market exclusivity, you go to Year 15.

According to Mr. Andre, former Minister of Consumer and Corporate Affairs, a generic competitor could, on average, under Bill C-22, get a compulsory license either 12 or 15 years into a product's patent. That is on the record. That is what the government told us. That is what Mr. Andre told Senator Barootes, who was at that meeting of the committee.

Honourable senators, what I want to know is: If, under Bill C-22, competition was prohibited until Year 12 or 15, how do you arrive at a 3.2 year increase if we now give a 20 year monopoly? My arithmetic says that 12 years from 20 years is 8 years, and 15 from 20 is five years. Perhaps Dr. Barootes could enlighten us. He was there when Mr. Andre said that a Notice of Compliance was normally issued at Year 5. There would then be a seven- or ten-year period of market monopoly. This would take us to Year 12 or Year 15. Now, with Bill C-91, we are going to Year 20.

These are not my calculations. They are the calculations of the government. They destroy the contention that this bill will add "only" 3.2 years of market monopoly. It also undermines completely the government's cost calculations. The average increase in patent life will be closer to the seven years calculated by the government of Manitoba and Mr. Schondelmeyer. These are simple facts, courtesy of the Honourable Harvie Andre and the Government of Canada.

Honourable senators, if you vote in favour of Bill C-91, do so only in the full knowledge that you will be giving foreign pharmaceutical companies an additional five- to eight-year monopoly. You will be delaying the entry of cheaper generic drugs for your fellow Canadians, made by Canadian companies, by five to eight years. If that is acceptable, if that is what you want to impose on your fellow Canadians, vote yes. But do not vote yes on the assumption that the market exclusivity will be increased by 3.2 years. That is not true. It is not true because Harvie Andre proves that it is not true.

I also wanted to make some comments about the surprise switch that the NDP government of Ontario apparently made, but that is all on the record. Ontario had taken the position that they were opposed to this legislation. We had a lot of correspondence about it. For some reason, the NDP indecisively changed its mind, according to some witnesses who appeared before the committee. One would not be surprised if, some time soon, Mr. Rae began talking about jobs, jobs, jobs, and sacred trusts, too, but I will not go into detail about that at this time.

I do want to say something about health care, however, because one of the basic things that separates the proponents and the opponents of this legislation is whether Bill C-91 is health care legislation or patent legislation. Our committee heard witness after witness express concern about the impact this legislation would have on our health care system. I do not think it is any great secret that the American pharmaceutical companies do not like our health care system.

• (1800)

In case there are some who think that is not so, Mr. Vaughn Bryson, the Chief Executive Officer and President of Eli Lilly and Co. wrote in his company's 1991 annual report:

> The tentacles of government planning are slowly gripping the health care systems of many western nations.

It is interesting that he sees government planning of health care systems as "tentacles of government". Clearly, he wants as little government interference as possible between his company and individuals who get sick.

This strong disdain for any form of socialized medicine, as he likes to call it, surfaced once again this week on the front page of the *New York Times*. As Senator Thériault explained, the Clinton administration is proposing to distribute childhood vaccines free to clinics and doctors' offices across the country, so that all children are vaccinated. Note the tentacles of planning, the tentacles of vaccinating these children. These are government tentacles for the benefit of children.

The government would, of course, buy the vaccines from the pharmaceutical companies. But these pharmaceutical companies are, according to the *New York Times*, "vehemently opposed". Between 1982 and 1992, "the full battery of recommended vaccines, when bought by private doctors in the open market, rose to $244...from $23."

Look at it from the point of view of the pharmaceutical companies. The tentacles are coming in and confiscating the difference. It is no wonder the drug companies are furious at the proposal. The government would buy in bulk and distribute free. Their retail market would disappear. No longer would they be able to increase the price of their vaccines by 200, 300 or 400 per cent. These are the vaccines designed to prevent diseases such as rubella and polio.

It is too bad if some children do not get vaccinated because the price of the vaccine is too high for their parents to afford. The companies are getting more than enough money from those families who are able to pay. So what if only 40 per cent to 60 per cent of pre-school children in the United States are getting the recommended shots; the ones who do get vaccinated pay, and pay handsomely.

So what if up to 90 per cent of children in inner city neighbourhoods do not get vaccinated. That is not a problem for the pharmaceutical companies and, according to them, it should not be a problem for the federal government.

That situation embarrassed the new President of the United States. He did not waste much time speaking to the governors yesterday or the day before when he said that he would not let it continue. I remember the quote that was aired on the CBC news. He said, "I understand that the pharmaceutical companies realize that this will cost them something in profits. But I have to say that's too bad. What would they rather have, that the kids stay sick?"

Imagine the horror of a government extending its tentacles to ensure that every child in the United States is vaccinated against whooping cough, hepatitis B, rubella and polio. It makes one nauseous to think of a government interfering with the God-given rights of the pharmaceutical industry, just because tens of millions of children are not now being protected from diseases such as tetanus and polio, diseases that kill and maim. For them, there is no embarrassment in the fact that the United States is worse in terms of vaccination than many Third World countries.

These same companies, through their Canadian subsidiaries and PMAC, come to us and say, "Vote in favour of Bill C-91 because it will be good for Canada's health care system." We now know what they think of health care systems. Instead, read that as, "Vote in favour of Bill C-91 because it will be good for your tentacles."

Sure, and it is good that half the children in the United States do not get vaccinated. The supporters of the government will vote yes. If they vote yes, they are saying that is a good thing.

I regret that I am unable to conclude my remarks without returning to the extraordinary testimony of the Minister of Industry, Science and Technology, the Honourable Michael Wilson. Let me repeat what he said when appearing before our committee:

> Bill C-22 resulted in a net saving to drug purchases in Canada of $424 million over the first five years...

It is not often you come across a statement so breathtakingly improbable. One reads it, but cannot believe it is there. It is so outlandish that one has trouble crediting it short of some symptom of brain damage. I have been told that he did indeed say it. I was not there. I am also told he said it with a straight face, and he apparently meant it and seemed to understand what he was saying.

Think about it for a minute, honourable senators. Mr. Wilson says that Bill C-22 saved Canadians $424 million over the first five years. This means that the pharmaceutical companies received almost half a billion dollars less in revenues than they would have received had Bill C-22 not passed. Over the next five years, the government asserts that Bill C-91 will return to those companies an extra $129 million over five years. Therefore, the net effect of Bill C-22 and Bill C-91 — can you imagine what dopes these people are? — over 10 years is a net loss of more than $300 million for the pharmaceutical industry.

I am not making this up. That is what Mr. Wilson said.

How did the government force the international pharmaceutical industry, the most profitable industry in the world, to swallow these heavy losses? How were these bills forced down the throat of the PMA and PMAC?

If we believe Mr. Wilson, they were not forced; they were not imposed on the industry — the industry begged for them. They lobbied the President of the United States. The President of the United States then lobbied the Prime Minister of Canada. The President sent his Vice-President to Canada to do more lobbying. The pharmaceutical companies in the United States ordered their subsidiaries in Canada to lobby the Canadian government so that they could swallow these losses. These subsidiaries, under the umbrella of PMAC, spent millions of dollars on lobbying governments and advertising to Canadians.

The pharmaceutical companies in the United States lobbied the President to put intellectual property on the agenda of international trade talks. It was put on the agenda of the GATT and NAFTA, and the industry bragged about the coup they had pulled off.

What was the coup? What were they begging for? An opportunity to reduce their revenues by more than $300 million over 10 years? That is what Mr. Wilson tells us.

How did these gullible suckers — victims of their own blandishments — adjust to this loss in revenues of more than $300 million? In return for Bill C-91, they promised another $750 million in additional investments. In return for Bill C-22, the one on which they lost almost half a billion dollars, according to Mr. Wilson, they promised an additional $1.4 billion on R&D expenditures alone over 10 years.

Therefore, on one side of the ledger, we have two bills which, according to the government, will cost the pharmaceutical industry over $300 million in lost revenues over 10 years. Do you believe that, honourable senators?

On the other side of the ledger, we have what the industry will do in return. It will spend an additional $2.1 billion over 10 years on investment and research, but only if it gets the bills passed. What is the net cost to the industry over 10 years? According to Mr. Wilson, it is $2.5 billion. That is why they wanted Bill C-22, and why they are begging for C-91.

The contempt this government has for the intelligence of the Canadian people is boundless.

Michael Wilson says yes, that is exactly what is going on — and he is asking all of us to say yes. PMAC is asking us to say yes. The PMA is asking us to say yes. Even the former American government is asking us to say yes. They are asking us to say yes to this clumsy and transparent sting operation against the welfare of the Canadian people. They want us to say yes to that? I, for one, say no.

• (1810)

Hon. Janis Johnson: Honourable senators, Bill C-91 has caused a lot of discussion and controversy. Like many bills, it will not please everyone. It is a compromise. It is an effort to bring Canada into line with the other nations of the world on the matter of patent protection for drugs. The generic companies are upset. The retroactivity clause could have been deleted and caused few problems for anyone. My province lobbied for that amendment and others, and none were considered. I feel they deserved a better hearing on their concerns as there is a generic drug industry in my province which is jeopardized by this legislation.

I do not know how Manitoba will resolve its difficulties with the bill, but I can only hope that we will not be hurt in the long run by Bill C-91. I am told a multinational company may set up in Winnipeg and this would go far to appease the people of my province. I feel it is their moral obligation to do something in the West, given the benefits that will accrue to them because of C-91.

I was a health consultant at one time and am well versed on this legislation. I have studied it from all aspects and I could give you a critique, chapter and verse, if I chose to do so. The bottom line is that both the generics and the multinationals are making lots of money in the drug industry. It is an area where the profits will only increase.

Naturally there must be controls and regulations, but when all is said and done by politicians and industry spokespeople alike, the issue is one affecting people. It is people who need these drugs, people who pay for the drugs and people who bear the brunt of price wars and political wrangling over the issue. I am calling for a fair and just system where government protects the consumer from outrageous drug costs and still allows competition, research and development to go on. I know the government feels Bill C-91 accomplishes this and also takes a global approach to the issue.

Honourable senators, I agree that we have to endeavour to be a player on the world scene or we will become a backwater of the United States. However, I do not feel that we should sacrifice our standards of health services in Canada, nor the principle of fairness in terms of the cost of our health care delivery system just to be like the rest of the world. We have a unique health care system in our country and maintaining costs, especially drug costs, at a reasonable level is part of our responsibility and our challenge for the future.

With this in mind, and in light of this bill, I am calling for a very careful scrutiny of prices in the years ahead and for the creation of a drug formulary such as we have in Manitoba, which monitors price differentials between generic and brand-name drugs. Generics should not have total freedom to make money on someone else's expertise, any more than the brand names should have the right to charge twice as much for the same drug, which is the case now in many instances as is shown in Manitoba's drug formulary. I have a copy of the formulary here if anyone wishes to see it.

I am pleased that Bill C-91 makes some provision for the monitoring of pricing and patent trends, with a view to regulating costs. Honourable senators, it is critical that the Patented Medicine Prices Review Board, originally set up under Bill C-22, continue to be monitored by government very closely at the ministerial level. The companies must show yearly price trends and costs so that we can see that prices are being kept within reach. This information should continue to be reported to Parliament by the minister concerned, along with how much the pharmaceutical industry has invested, especially in Western Canada since the commitment now is for the East. How many research dollars are going into Winnipeg, Edmonton, Saskatoon and Vancouver?

Having allowed a 20-year window of patent protection, the government has the right and a fiscal and moral obligation to know what the pharmaceutical industry is doing for the country. Parliament should also continue to closely monitor the Patented Medicine Prices Review Board and whoever is appointed to this board from the provinces, the consumer groups, the pharmaceutical industry, and other appropriate persons. This is called accountability.

Having come from a family of many medical people, I am obviously not about to suggest for a minute that the inventors of the drugs have no rights. I know and respect the medical and academic communities, and they are very enthusiastic about patent protection. It is vital to create the best product and give the company who made it a chance to benefit. Then, hopefully, more dollars will go into research. There is no argument there. I want the best medicine on the market for me and my family, as does everyone.

I, too, feel Canada can benefit from top research into creating new drugs which will continue to improve the quality of life of our citizens, prolong lives, fight disease, and cut health care costs by reducing hospital stays and treatment costs. I just want to be sure that we get our share of research and development and keep tabs on costs to the individual Canadian, lest drugs become the privy of the elite who can afford them. That is why we need the yearly monitoring and guarantees; so we will know from year to year where we stand on this matter. This is an easy one to slip away on us. It is our duty as lawmakers to keep it within our orbit.

I can support this bill only given these considerations and the constant monitoring of costs and where the research and development is being done. I have indeed given this bill sober second thought. I am endeavouring to be sensitive to my province and country, representing the views of the government and the people of Manitoba, and keeping an open mind to the global community of which we are a part.

We cannot compromise our systems or values, but we cannot ignore reality either. I still feel Manitoba's concerns should have been given more consideration. I hope this will happen in the future as we monitor the costs and the research and development. I hope the pharmaceutical industry will respect the privileges it will now have to do their research and keep in mind that 20 years gives them a lot of time to patent their drugs and sell them at a cost which people can afford.

The generics will survive despite themselves; there are a lot of drugs left to copy. There is a big world out there which also needs drugs.

Honourable senators, these are my thoughts and my position on Bill C-91. In an ideal world, some amendments would be prudent. Given that this will not happen, I will support the bill. However, I will watch-dog it as long as I am in this chamber. Thank you very much.

Hon. Keith Davey: Honourable senators, in listening to the debate from time to time, I found one of the more compelling speeches to be from my neighbour Senator Kirby. I remember very well that, at the end of a particular debate, he said that the difference between Tories and Liberals is that Liberals care about people and care about health, and Tories care about money.

Some Hon. Senators: Oh, oh!

Senator Davey: I will not take very much of your time. On this very day, a distinguished Progressive Conservative has said it all. I would like to quote this Progressive Conservative because he is someone I respect and I think all of you respect.

• (1820)

Dalton Camp is quoted in the *Toronto Star* today as saying: "Those who vote for C-91 are voting for greed and exploitation and they know it." I want to repeat that because I believe it, and I think many of you do, too. You should think about it. Dalton Camp said: "Those who vote for C-91 are voting for greed and exploitation and they know it."

Hon. Richard J. Stanbury: Honourable senators, I rise this evening to add my voice to those opposing the passage of Bill C-91. From the outset it has been obvious that this bill deals with well-defined competing interests. Between these interests, as expressed by the brand-name companies and the generic companies, is the Canadian public.

We have all received correspondence from people who are convinced that the changes to the patent system sought in the legislation are needed and, of course, we have heard from others who believe that the bill would cause harm without providing positive results in return. On the surface there are convincing arguments on both sides. Who does not want more research and development in Canada? Who does not want the lowest possible prices for consumer drugs? But these two arguments are in conflict and, as legislators, it is our duty to determine what is in the best interests of our constituents and all Canadians.

The main issue we have to resolve before we can make this final determination is whether, under the terms of Bill C-91, more investment and research will result and, if so, whether that research will be enough and have significant enough positive impact on the Canadian economy to be worthy of the increase in drug prices that everyone agrees will result.

Does the extra money out of the consumers' pockets which this bill gives to the brand-name companies translate into more jobs in research and development? Does it translate into a more competitive position for our manufacturers within the world market and the long-term benefits that could result from that?

As Senator Kirby has quite rightly noted, this debate is not about blindly following the arguments of the pharmaceutical lobby, nor is it about accepting everything that the generic drug manufacturers say as gospel. This debate is about what is right for the Canadian health care system, for Canadian consumers and for Canadian taxpayers. The interests of Canadians must be held above all sectoral interests. Honourable senators, I suggest to you that, on balance, Bill C-91 does not satisfy that test.

Many of my colleagues will clearly remember the beginning of this debate. It is my recollection that before 1986 the system of compulsory licences, put in place in 1969, was working extremely well. Indeed, one government study completed in 1985 found that compulsory licences saved Canadians over $211 million in 1983 alone. Nevertheless, in 1986 the government chose to try to fix something that was not only not broken but, as I say, was working very well.

Bill C-22 promised to extend monopolies to patented drugs. At that time pharmaceutical manufacturers pushed hard for the legislation, promising millions of dollars of investment in research and development and thousands of jobs if the bill were to become law. It is easy to understand why the big foreign-owned drug manufacturers were so interested in promoting the legislation. Bill C-22 guaranteed patented medicines seven years of market exclusivity. Essentially, pharmaceutical manufacturers were offered a monopoly and they, quite understandably, were overjoyed at the prospect.

The great fear Canadians had of Bill C-22 was that, by allowing pharmaceutical companies a monopoly over the sale of medicines, drugs would become more and more expensive. Testimony before the Standing Senate Committee on Banking, Trade and Commerce has echoed that fear about the bill before us today. In fact, it seems that even the government was concerned with the possible implications of Bill C-22. Even it recognized the potential for price gouging.

This fear was demonstrated by the establishment of the Patented Medicine Prices Review Board, commonly known by its acronym PMPRB. The PMPRB was mandated to ensure that the prices charged by patentees for patented medicines were not excessive, and to report annually on pricing trends and expenditures by pharmaceutical manufacturers on research and development. Unfortunately for Canadians, the PMPRB, which had some potential as a safeguard, has been undermined and has proven ineffective. Some have described it as nothing more than a government-owned publishing house.

Bill C-91 will increase the PMPRB's powers to control the prices of patented medicines, notably the introductory prices of new patented drugs. The new powers would authorize the board to order price reductions or penalties which could compensate for past excessive prices and deter excessive pricing practices. They would allow the board to better control introductory prices for new patented drugs, provide for fines and imprisonment for failure to comply with the board's order, and give the board's orders the same force and effect as an order of the Federal Court.

That sounds great. However, honourable senators, it is important to express the opinion that these new powers could be considered unconstitutional if challenged in court. The Canadian Drug Manufacturers Association sought a legal opinion from James MacPherson, the Dean of Osgoode Hall Law School concerning the constitutionality of clause 81 of Bill C-91. He notes in his conclusion:

> In my opinion, there is strong language in patent cases, the trade mark cases and other distribution of powers to support a constitutional challenge of section 81.

If the provision were found to be not valid, there would be no control over drug prices. The board would be unable to function. We could possibly face a situation where we have complete patent protection without any price control at the federal level. Bill C-91 leaves us wide open.

Also promised by the government with Bill C-22 was a fully independent review of the effects of the bill in 1996. This was important because, once a patent application has been filed, it usually takes between five and ten years to bring a new drug to market. The earliest date by which we could have hoped to have had a good analysis of the new system would have been 1996. Again, though, the government has not fulfilled this promise, bringing Bill C-91 to Parliament this past spring. Bill C-91 not only eliminates any independent review of Bill C-22, it extends the monopoly given to the pharmaceutical manufacturers in 1987 without any anticipated review.

Bill C-91, the Patent Act Amendment bill, seeks to end compulsory licensing and extend monopolies by a maximum of three years. In effect, it adds insult to injury.

Similar to the debate on Bill C-22, the foreign-owned pharmaceuticals are the main proponents of the monopoly extension contained in Bill C-91. The Canadian-owned generic drug manufacturers are opposed to the legislation. The pharmaceutical industry is promising huge investments in research and development and the government is proposing strengthening of the Patented Medicine Prices Review Board. Again, Canadians from all walks of life, from provincial ministers of health to senior citizens, are opposed to the monopoly extension offered to the foreign-owned pharmaceuticals.

Let us look at the promise of jobs for Canadian researchers. There is some question as to whether the promise made in 1987 has yet been realized. In 1987 the pharmaceutical industry and the government promised Bill C-22 would help create 3,000 high technology research and development jobs in Canada. According to a study prepared for the Department of Consumer and Corporate Affairs entitled "Trends in the Pharmaceutical Industry in Canada: Post-1987 Environment", that promise simply has not been kept. The study says only 1,386 jobs were created and that:

> Approximately one-half of these new jobs are in marketing and sales while another 32 per cent are in R&D. A total of 54 manufacturing jobs were lost over this time period.

Therefore, we can conclude that only 443 jobs in research and development have been created out of the promised 3,000. Yet they have already come back to the well, promising more jobs.

• (1830)

There have also been extravagant promises made with respect to research and development, if only Bill C-91 is passed into law. This, as I have already suggested, is the backbone of the argument in favour of the extension of the patent protection in the bill; that more money being spent on R&D in Canada will necessarily overcome any concerns about the higher drug prices that will result. Specifically, the figure of $500 million in spending on R&D has been promised. Most of the Banking, Trade and Commerce Committee's witnesses have expressed serious doubts about these predictions. For instance, the head of the Patented Medicine Prices Review Board, Dr. Eastman, says that it is simply not true. He said:

> The present Patent Act does not have a substantial negative effect on the profitability of Canadian innovations in pharmaceuticals because such research activities are undertaken to develop new products for sale on the world market and not simply in Canada. The present Patent Act does not present a financial barrier to research to multinational pharmaceutical firms.

Not only is there nothing to stop foreign-owned pharmaceuticals from spending more on R&D in Canada, there is no mechanism in Bill C-91 to make sure that they live up to their research and development commitments in the future. We are expected to have faith that the money will be translated into benefits for the economy without any evidence that the manufacturers will follow through with their promise.

It appears to me that the evidence shows that the government is far less committed to creating R&D in Canada than it has led us to believe. Consider the following statistics and facts:

First, prior to the 1984 election campaign, Brian Mulroney promised Canadians that, if elected, he would double Canada's R&D effort as a percentage of the GDP. However, in 1990, Canada's investment in R&D lagged far behind this promised level; in fact, the percentage of the GDP that Canada spends on R&D fell from 1.37 per cent in 1984 to 1.36 per cent in 1990.

Second, Canada's R&D now ranks below that of most industrialized states, and while the investment in R&D as a percentage of the gross domestic product is increasing in most industrialized states, Canada's investment is decreasing.

Third, 77 per cent of federal funding for university-based R&D is through granting councils — the Medical Research Council, the Natural Sciences and Engineering Research Council and the Social Sciences and Humanities Research Council. However, the federal government does not fund most indirect costs of university-based R&D. These indirect costs are largely financed through provincial funding for post-secondary education, including funds received from the federal government. The Conservative government has cut nearly $9 billion between 1986-87 and 1994-95 from federal support for post-secondary education.

Fourth, the Canadian private sector continues to grow in importance as both a performer in R&D — 55 per cent of total R&D — and as a funder — 42 per cent — while the federal government continues to decline both as a performer — 17 per cent of total R&D — and as a funder — 31 per cent.

Fifth, since 1984, the Conservative government has cut over $60 million from the budget of Canada's premier research institution, the National Research Council. With Bill C-63 in 1992, the Conservative government has shut down the Science Council of Canada, Canada's only independent voice on national science policy.

Sixth, funding for science and technology programs will be frozen, with a resulting loss of $95 million in government support for science and technology by 1994-95.

With no disrespect intended, I am not convinced that we should continue to expect the boon to R&D promised by the government. I am not convinced that the boon to R&D promised through this legislation will materialize. The quantification of potential benefits is much more difficult than the government has led us to believe. The potential benefit of this bill remains a fundamental question — indeed, a mystery.

Although we do not know that the promised benefits will accrue, we are sure that the costs will. It is undisputed that this bill will cost Canadians millions of dollars. Both the pharmaceutical industry and the government agree that the patented drugs will cost more if this legislation becomes law. Certainly there is disagreement on what that cost will be, but there is no disagreement on the fact that there will indeed be a cost.

The federal government says Bill C-91 will cost Canadians about $550 million between now and the turn of the century. Knowing the government's position on this bill, it is fair to say that that figure could be underestimated. It is normal to make things sound rosier than they are. At least that is what most of the committee witnesses led us to believe.

The Hon. the Speaker *pro tempore*: I must point out that the honourable senator's time has expired. Is leave granted to allow the honourable senator to continue?

Hon. Senators: Agreed.

Senator Stanbury: Some very respected witnesses, experts beyond reproach, and several provincial governments, including Tory governments, tell us that the federal government's figures are off the mark; they are far too rosy. And why should their numbers be realistic? The cost they calculate is no cost to them. Any costs incurred by the passage of Bill C-91 will be borne by the provincial governments. The federal government will not be on the line for a cent.

According to the Department of Consumer and Corporate Affairs, 50 per cent of the cost would be borne by the provincial health plans, 25 per cent by private insurers, and 25 per cent by consumers at point of purchase. So what do those who will bear the cost have to say?

Many provincial governments have voiced their concern about this bill and its impact on the provincial health care systems. Furthermore, those appearing before the committee were fearful of the consequences of this bill on their provincial drug programs.

The government of Saskatchewan, as represented by the Associate Minister of Health, Lorne Calvert, said:

> It is our conclusion that, if passed in its present form, Bill C-91 will increase the cost of pharmaceuticals to Saskatchewan residents by at least an average annual cost of $6-10 million.

The government of Manitoba, represented by the Minister of Health, the Honourable Don Orchard, estimates that over the next 10 years drug costs will increase up to $150 million.

The Minister of Health for New Brunswick, the Honourable Russ King, stated in his presentation:

> Bill C-91 will cost the province of New Brunswick an additional $342.1 million over nine years for its senior's drug program. The cost of prescription drugs for individual seniors, currently, on average, $442 per year, will increase to $796 per year by 1996 and to $1,135 per year by 2002.

The Honourable Wayne Cheverie, the Minister of Health for Prince Edward Island, said that:

> The PEI government estimates that for four drugs alone, Bill C-91 will increase the cost by $500,000.

In a written letter to the committee, the Minister of Health for British Columbia, the Honourable Elizabeth Cull, said that the B.C. government contends that Bill C-91 will cost the province an additional $120 million over 14 years for the drug Vasotec and an additional $25 million over eight years for the drug Mevacor.

In addition, honourable senators, the committee was fortunate to hear from Dr. Jim Smith, an MLA from the Nova Scotia House of Assembly and health critic for the Official Opposition in Nova Scotia. He notes that the Nova Scotia government has admitted that the passage of Bill C-91 will cost the province $17 million per year and threatens its Pharmacare program.

• (1840)

Honourable senators, I will cut my remarks short because of the time. I apologize for taking your time, but I do urge all senators to consider the potential costs and benefits for your constituents. I trust you will find, as I have, that this bill should go no further.

Hon. Wilbert J. Keon: Honourable senators, having spoken in support of this bill during second reading, I would not normally presume to expose you to my opinions again. In reviewing last week's proceedings, however, I noted Senator Kirby's kind expression of great regret that I had not been able to participate in recent proceedings as he thought that I "would have contributed significantly". Had I known several months ago that Bill C-91 would still be before Parliament at this time, I would not have accepted the invitation to participate in the World Congress of Cardiovascular Surgery in Europe. Unfortunately, that took me away from some of the hearings.

I must add, however, that that event provided me with the opportunity to test my position on this bill with some of the leading researchers in the world. I also had the opportunity to drive from a Western country to a former East Bloc country, where I again viewed with bewildering consternation the plight of scientists, doctors and patients caught in the suffocating stagnation that the protectionism and isolationism of East Bloc Europe imposed on them. I remain even more convinced that, if we and our children are to survive and prosper, it can only occur through openness, free trade and the desire to compete fairly with the best in the world through open exchange.

Many senators harbour concerns about the ultimate costs of this legislation. Increased brand-name prescription prices have accounted for less than 20 per cent of the increased costs since 1987. Other significant increases, much more importantly, were due to higher prices for generic drugs, the prices of new drugs, increased dispensing fees and, most of all, increased utilization and more patients using more drugs. Those things have has nothing do with Bill C-91.

When the generic industry started in the early 1970s, the introductory price of generic drugs was about 60 to 70 per cent of the price of brand-name drugs. In recent years that figure has risen to about 80 per cent if there is only one generic copy, according to studies by provincial governments. The PMPRB has clearly established that patented drug prices have been increasing at less than the rate of inflation while the prices of all prescription drugs have been increasing at a higher rate. I remain convinced, therefore, that the PMPRB has been effective in restraining the price increases of patented drugs and that, although total drug costs will probably continue to rise, the prices of patented drugs will be only a secondary factor in these cost increases.

Senator Kirby was also concerned that the PMPRB only reviews the prices of introductory drugs "after they have been on the market for some time". He certainly has a legitimate point there. I would simply point out, however, that we are now debating Bill C-91 not Bill C-22. I would draw the senator's attention to the new section 82 of Bill C-91, which provides that:

> A patentee...shall, as soon as practicable after determining the date on which the medicine will be first offered for sale...notify the Board of its intention and of that date.

The proposed section goes on to provide that the patentee must provide all information and documents respecting the price, and that the board shall give a ruling on the introductory price at least 60 days prior to product launch. In my opinion, this section clearly provides for the prior approval of introductory drug prices. Those introductory prices would be limited to the median price in a representative group of countries. The board would also have significant new powers to control prices and price increases, and to impose penalties for non-compliance.

I wish to comment briefly on the nature of scientific progress. Many senators have expressed the concern that frequently pharmaceutical developments, some of which result in patent extensions, seem to be marginal. This is true, since less than 9 per cent of all pharmaceutical developments are what might be called "breakthrough" drugs. But progress is cumulative and often exponential in its effect. The scientific expertise harboured by the multinational companies is truly enormous.

During the course of this debate, reference has been made by a number of senators, including Senators Kirby and De Bané, to European and American price comparisons. In discussing this recently with my colleagues overseas, I have come to the conclusion that the vast differences in national health care systems and the current lack of an agreed basis for international comparisons make such attempts at international comparisons virtually meaningless.

For example, variations in exchange rates over a period of only a few weeks can significantly alter price comparisons. For those who wish to study the complexities of the European system, I would recommend reading *The Dynamics of Drug Pricing and Reimbursement in the European Community* by Dr. Heinz Redwood, who gave evidence to the committee a couple of weeks ago.

In committee, Senator De Bané made reference to the recent United States GAO report to Congress, which purports to show that Canadian drug prices are 32 per cent lower than those in the U.S. On the other hand, it is frequently stated that Canadian drug prices are about 12 per cent higher than the European Community's, where there is full patent protection. I understand that that figure is based on a study which was based only on a small, selected sample of 17 drugs, that the prices of those drugs vary considerably from country to country within Europe, and that the results depend on exactly what period of time is examined, as well as the exchange rates of different currencies at the time. For the immediate future, however, I believe that Bill C-91 will help us come more in line with the European prices.

I continue to be convinced that the expenditure of $2.4 billion on pharmaceutical R&D over the next five years is of fundamental importance to scientific and medical research in Canada as a foundation for the future wellbeing of our health care system. In economic terms, this R&D spending has an even greater importance for our country. Statistics Canada estimates that the economic multiplier for pharmaceutical industry expenditures is 2.6. This means that this initial expenditure of $2.4 billion will make a total economic contribution to Canada of almost $6.25 billion over the next five years.

Again, I wish to note that Senator Kirby and other senators have most ably brought to our attention the legitimate concerns of various lay interests in Canada who are struggling to evaluate the possible impact of this bill on their lives. I believe all of us share this concern and are obliged to observe carefully what unfolds after this legislation is in place.

I would remind honourable senators that after the passage of Bill C-91, there will be a full parliamentary review of this legislation in four years. Like all legislation, it is imperfect. As the imperfections surface, I hope all of us can admit where we were wrong and make the necessary adjustments. For now, let us bring our universities and scientists together with industry on a level playing field and try to overcome our huge industrial void in the pharmaceutical industry. Let us also keep a constant watch on the PMPRB so that our citizens do not pay unfair prices for their medicines.

In conclusion, I have observed this debate for a very long time and I would like to make the following points. I believe the single greatest threat to our health care system in Canada is a lack of investment in medical research, and not our immediate economic problems. For it is the intelligent application of new knowledge and discoveries that will solve our health care problems of tomorrow. Just reflect for a minute on the problems we would have today had we had tens of thousands of patients with tuberculosis occupying hospital beds for many years prior to their expiry. Instead, such patients get a few shots of streptomycin and the disease is cured.

We must balance the aspirations of our generic drug industry with the aspirations of the large, multinational pharmaceutical companies, both of whom have a great deal to offer. We must balance the needs of our citizens as taxpayers to contain the cost of health care, as opposed to their needs as patients to benefit from state-of-the-art medical advances and state-of-the-art medical teams who have to interface with the best on an international basis. Finally, we must attempt to assure, once and for all, our international friends and trading

partners that we will not continue to ask them to tolerate a Canadian system which they classify as theft and piracy of intellectual property and patents. I believe that we in Canada have the intellectual and social resources to compete with anyone, and we do not need to stoop to that kind of behaviour.

Honourable senators, I thank you for this opportunity to expand on my earlier statements, and on behalf of my scientific and medical colleagues, particularly the patients we have served whose future health will benefit from this bill, I ask you to support it.

[*Translation*]

Hon. Pierre De Bané: Honourable senators, I am very pleased to have the floor after Dr. Keon, for whom I have not only a lot of respect but also a great deal of gratitude.

I would like to say that, in the final analysis, the best argument against this bill is Bill C-22. What were the arguments used by the government in favour of Bill C-22 while promising that it would not alter, before 1996, the system it was attempting to set up?

Today, a few years later, the same arguments used for Bill C-22 are used again to pass Bill C-91. The bottom line is that we should adopt the same legal system as other countries without even wondering if the situation in Canada is comparable to theirs.

Let me refresh your memory with some statistics that you might have missed. If you look at the pharmaceutical industry, Canadians own 16 per cent of it. The proportion is 22 per cent in Mexico; 30 per cent in Brazil; 32 per cent in Great Britain; 56 per cent in Italy; 62 per cent in France; 65 per cent in Spain. When we talk about foreign ownership, we must remember that of all Western countries Canada is the one with the lowest number of drug patents. Therefore, Canada has the highest deficit of all the developed countries in this field.

Thus, to tell us today that Bill C-22, which was supposed to redress the situation, must be amended again to improve a system so favourable to pharmaceutical companies is, in my mind, like waging a losing war. Various witnesses who appeared before the committee proved this to be a fact. I would like to first quote Dr. Howard Dickson of Dalhousie University who said:

[*English*]

> Protection in Europe, Britain and the United States ranges, as you know, from 14 to 18 years of effective patent protection. So even with Bill C-91 we still have a considerable way to go to achieve comparable protection of pharmaceutical innovation in Canada, protection that will truly make us competitive with other developed countries.

[*Translation*]

Likewise, the director of the Chemicals and Bio-Industries Branch of the Department of Consumer and Corporate Affairs —

[*English*]

— Dr. Elizabeth Dickson said that this bill will not bring Canada to the same level of protection that exists elsewhere. Japan, I understand, has just extended their protection to 27 years.

• (1900)

If we followed the rationale of the government that we should always to do what other countries do, even if barely 2 per cent of patents in medicine belong to Canadians, we would have a huge deficit in that regard. Other countries are using that as an instrument to attract investment. We will have to decide whether we are talking here about health or industry.

[*Translation*]

I had the feeling in committee that we were dealing with some economic or industrial issue instead of a health issue, since we did not get the minister of health to appear before our committee but the minister of industry. If the idea is to have a system identical to the one in other countries, Bill C–91 does not resolve the problem, no more than Bill C–22 did. When we asked the President of the Pharmaceutical Manufacturers Association:

[*English*]

> If that bill is approved, are you going to stop pressing the government for other inducements, other sweeteners, other extensions of the patent?

She did not make any of those commitments.

If the rationale is to have the same regime as other countries, let us adopt the whole regime of other countries. Here in Canada, we do not have a control over the launching price or the introductory price of medicine which is the case in many European countries.

Dr. Keon emphasized clause 81 of the bill which deals with the PMPRB. I would quote the opinion of the Dean of Osgoode Hall, Dr. MacPherson, who stated:

> In my opinion, if Section 81 of Bill C-91 comes before the courts, its constitutionality would be a serious question. I do not think that Section 81 would be upheld under the necessarily incidental doctrine. That leaves a fairly direct

> contest between the federal patent and provincial property and civil right powers...[and]...I believe that such a contest would be a close one.

He cannot say with certainty that that clause of the bill is not legal, but he says that he has doubts. He said:

> In my opinion, it would be permissible for all eleven [provincial/territorial] governments to refer Bill C-91 to their highest courts before it is enacted into law.

I asked the Chairman of the Patented Medicine Prices Review Board what would happen if that section were declared unconstitutional. He said that, obviously, the bill would not be balanced.

[*Translation*]

I do not deny that drug companies will benefit from the improvement of the protection provided to them.

[*English*]

The question we each have to ask ourselves is not the question the president of a pharmaceutical company asks himself: In what country do I have the greatest return on my investment? I understand that has to be the rationale of the president of an international company. The Minister of Health of Canada has to ask: What is the best trade-off between our social objectives and the cost we are prepared to pay for it? The question from a public policy point of view is: What is the proper balance between the two?

There is no doubt in my mind that Dr. Keon, if he decided to practise his profession in the United States, would earn 10 times more than he earns in Canada. There is no doubt that, because of the regime we have, the best doctors in the world do not immigrate to Canada to practise here. We know that. We developed our system in such a way as to balance the social benefits and the cost. In this case, I do not think we are doing that.

Canada represents barely 2 per cent of the market of those pharmaceutical companies. Here I pay tribute to Merck-Frosst which has 8 per cent of its R&D in Canada, but that is an exception. Usually, in the long-term, there will be a level of research in a country which is commensurate with its market. Most of those companies do research in their home base.

When the president of Eli Lilly, Canada appeared before the committee, we asked him some very simple questions, such as: how many square feet of labs does his company have in the United States? His answer was three million. We also asked: what is the next country where his company has the greatest footage? His answer was the United Kingdom where the company has 300,000 square feet. We then asked about Canada and were told that here the company has 16,000 square feet. It is perfectly understandable that a Swiss company would have its major labs in its own country.

I also understand that any international company that has a finite budget for research every year can, on a temporary basis, switch investment to a particular country to influence the national Parliament of that country to change the law. But in the long-term it has a budget, it has its markets and it knows what each country represents. It will, essentially, have a level of R&D which is commensurate with its level of sales.

If the rationale here is to have the same regime as other countries, it is too late because what is put before us is not what other countries have. We asked the president of the PMAC if it would stop pressing the government, but obviously that type of commitment cannot be made because the moment this bill is passed it will say it is not enough.

What does that sector represent in Canada? Let me mention some figures. In 1990, the last year for which we have reliable estimates, total drug expenditures in Canada, both retail and hospital sales, accounted for over 14 per cent of all moneys spent on health care. In other words, of the nearly $62 billion spent on health care, $9 billion was for pharmaceuticals, 7 per cent was spent in hospitals, and 93 per cent or $8.2 billion was spent in retail drug stores. While the absolute expenditure level is unquestionably important, the trend in expenditures over time is arguably very important. What we see here is that no other element in the health care expenditure rises as fast as pharmaceuticals.

Someone stated that we have obtained the assurance of the drug companies that Canadians will not pay more than the median price paid elsewhere. Then tell me, my dear colleagues, how come those companies have accepted that, within Canada, they will not sell to any provincial government at a higher price than the best price that another province has obtained? Therefore, P.E.I. is assured that, when it buys its pills from a drug company, it pays the same price that is paid in Ontario. Canada cannot get the same guarantee that we will be the average.

[*Translation*]

As for the generic industry, I will tell you that according to Dr. Elizabeth Dickson herself, who appeared before our committee, this industry represents barely 8 per cent —

The Hon. the Speaker: Honourable senators, I regret, Senator De Bané, but your time is over unless honourable senators give unanimous consent for you to go on.

Some Hon. Senators: Agreed.

Senator De Bané: The senior official who came before us to explain this bill's impact, Dr. Elizabeth Dickson, Director General, Chemicals and Bio–Industries Branch, told us that with the passing of this bill, this sector's growth will be reduced fivefold: from 30 per cent down to 6 per cent. Since it represents only 8 per cent of the pharmaceutical industry, with

the other sector representing, of course, 92 per cent, and since the sector representing 92 per cent and the other representing only 8 per cent will both have a 6 per cent annual growth, the latter growth will, of course, dwindle.

Another example often mentioned was that of the generic industry in the United States. I have the figures, honourable senators, on the results in the U.S. and they show a very serious erosion in the financial situation of the generic industry in the U.S.

I could again go over the flaws pointed out by my colleagues, namely the retroactive nature of this bill; the fact that from now on it prevents a company in Canada from exporting to a country where a patent does not exist; the fact that, according to what we were told, the Patented Medicine Prices Review Board failed to contain increases. I will mention in this regard the testimony we heard from Green Shield, the large private insurance company in Ontario. I read in committee the letter from the president of SSQ in Quebec showing that Canada does not have an efficient system like the one set up in Europe to control the introductory price of new drugs.

One thing that many stressed;

[*English*]

• (1910)

They have said that with this bill we will have an increase in R&D in Canada. Let me read to you what Professor Jane Fulton, a professor in the Faculty of Administration at Ottawa University, said before the committee.

> First of all, with the passage of this bill, it seems to me that there will be a continued transfer of wealth from Canadians who pay taxes to the multinational corporations. If this meets with your approval, then the bill should certainly receive your stamp of approval. However, I see some problems flowing from the current federal policy that has caused this piece of proposed legislation to come forward ...

[*Translation*]

Finally, honourable senators, I would like to mention the reaction of most witnesses we heard in committee.

Our conclusion is that most of those who appeared before us are against this bill: private industry, the generic industry, the Canadian Fine Chemicals Association, big private insurance companies like Green Shield, with which most of us have a plan, the Public Service Alliance of Canada, the Canadian Labour Congress, the Canadian Federation of Labour, the Canadian Hospital Association, the Consumers' Association of Canada, the National Federation of Nurses, the National Anti-Poverty Organization.

The reaction of provincial governments is even more compelling, if that is possible.

[*English*]

I quote here Mr. Calvert, the Minister of Health for Saskatchewan, who appeared before the committee:

> In terms of general concern, it is about the process that was used to effectively limit parliamentary debate on this bill, including the limitation of the number of witnesses who could appear before the parliamentary committee ... Due to the significance of this legislation and its impact, it is my view that a much more open process should have been used, including hearings not simply in the nation's capital but across Canada.

[*Translation*]

Minister Calvert gave us, about the impact on costs, figures that have been quoted by my colleagues and which show that the impact will be much more severe than the government suggested.

Interestingly enough, Minister of Health Orchard from Manitoba told us, basically, that almost all provincial ministers of health met and wrote a report which was submitted to the Canadian government. I quote:

[*English*]

> Senator, we have not received acknowledgment that any of the recommendations we have made to date will be incorporated in the legislation.

[*Translation*]

That was the opinion of the minister of Health for Manitoba.

Honourable senators, in conclusion I would like to say this: the government promised us a cooperative federalism, but one must admit they are not delivering, given that close to nine provincial ministers of Health said that none of their recommendations had been accepted by the federal government, that the minister of National Health and Welfare did not even appear before our committee — it was the minister of Industry, Science and Technology who did — and that the rationale behind the system is: Well, let us try to have the same protection they have elsewhere, even if no patents worth mentioning are owned by Canadians in the pharmaceutical sector, while other countries are already extending this protection. If we are to look for compensation of some kind, like the power to negotiate the entry price, then I believe that the bill is dangerously unbalanced and that it puts at risk the financing of Canada's health care system. Finally, the decision is taken by the federal government, but it will have an impact on other governments, families and individuals who will pay a high price for this amendment to the Act.

Hon. Philippe Deane Gigantès: Honourable senators, would Senator De Bané allow me a question?

Senator De Bané: Very well, Senator Gigantès.

Senator Gigantès: Given what you have said, and what Senator Frith, Senator Davey and Senator Thériault have said before, that pharmaceutical companies show what they really stand for when they oppose the vaccination of poor children by the U.S. government because the government's intervention would push vaccine prices down, should we not at least wonder if rule 66(4) is truly being applied?

[*English*]

• (1920)

Are we sure that rule 66(4) is truly applied? How else can we explain that senators opposite will vote for this dastardly bill? Rule 66(4) states:

> A Senator is not entitled to vote on any question in which the Senator has pecuniary interest not available to the general public. The vote of any Senator so interested shall be disallowed.

In my view, that includes lawyers or their partners who may be working for one of the pharmaceutical firms; accountants; advertisers; shareholders; directors of investment trusts who have bought shares in these companies; and even researchers or family members who are researchers who receive grants from pharmaceutical companies.

We cannot go through a piece of legislation that will affect Canada so severely, a bill which will send so much Canadian money abroad without making sure that the provisions of rule 66(4) are applied. When senators opposite vote, I ask them to consider the consequences of not revealing that they do, indeed, have an interest, because there are investigative reporters who will hound them. I hope they do.

Senator Lynch-Staunton: Name names. Shame! Pure innuendo.

Senator Murray: Senator De Bané would like to comment on that, would he not? That was a question addressed to you, Senator De Bané. Go ahead.

The Hon. the Speaker: I must advise honourable senators that the 15 minutes in which a senator has to make his remarks includes time taken to ask and answer questions by other honourable senators. We are already 10 minutes over the honourable senator's allotted time.

Is there unanimous consent for Senator Barootes to ask a question of the Honourable Senator De Bané?

Hon. Senators: Agreed.

Hon. Efstathios William Barootes: Honourable senators, I would not deign to answer the dastardly, insulting, unprofessional thoughts of my friend Senator Gigantès against professional people such as lawyers, doctors and others. It does not deserve comment because it is beyond anything that any human being with any sense of self-respect would ever use.

Senator Gigantès: You are speaking from a party whose members in the other house have been dragged into court for fraud.

Senator Lynch-Staunton: We did not interrupt you.

Senator Barootes: If you would like to repeat those comments outside this chamber, I am sure there are plenty of lawyers and doctors who would like to hear them.

Honourable senators, may I ask a question of my esteemed friend Senator De Bané? The question is rather simple. He has said that in Canada 16 per cent of our pharmaceutical industry is Canadian owned as compared to the much higher percentages domestically owned in other countries. In his wish, desire or requirement for a higher Canadian-owned percentage and identity, would he deny Canadians access to new drug discoveries because they were invented by foreign-owned companies? Would the honourable senator have us await a Canadian-owned industry to make discoveries before we could participate in the use of new drugs, while at the same time isolating ourselves from the rest of the world and denying us the opportunity to participate in worldwide mandates in the global restructuring of pharmaceutical industries? What is your reaction, please?

Senator Gigantès: He has exhausted his 15 minutes.

[*Translation*]

Senator De Bané: Honourable senators, first of all, I would like to say that, personally, I trust that all members on both sides of this house are honest and upright. That is not the issue.

Are you asking me, Senator Gigantès, if I am against Canadians having access to the best medications?

[*English*]

You are asking me if I would like Canadians to be prevented from having access to the best medicines. I hope my friend will agree with me when I say that, whether or not we have this bill, medication will flow over the borders everywhere to wherever there are people who have the money to pay for them.

As president of any pharmaceutical company, the first question one would ask oneself is: Where are my customers who have money? One would go to that country to peddle one's merchandise.

Medication will reach whoever on this planet has money. That is beyond dispute. I do not believe that is the question before us.

The question before us is this: The president of a pharmaceutical company does not have to ask himself where

he has to go to get the highest return on his investment. If tomorrow, Dr. Barootes, you were the Minister of National Health and Welfare for Canada —

Senator Hastings: God help us.

Senator De Bané: — you would ask a different question. You would ask, "What from the public interest point of view, should be the policy that I should pursue that would maximize social benefits at the least cost?" That is the question we have to ask ourselves.

I tell the honourable senator with all due respect that the fact that we are barely 2 per cent of the world market gives us some leverage, but not so much that reality can be distorted. If we follow the rationale behind this bill, which is by sweetening the incentive to the pharmaceutical companies that they will do more research in Canada, then I ask my friend why he does not go all the way and give them twice the incentive that they get in other countries. The issue will then become that it will be prohibitive. This bill makes it prohibitive.

Senator Barootes: You say that you would accept the discoveries of drugs by foreign-owned companies for the use of our people. Thank you.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I should like to take 30 seconds for the purpose of saying that, as Leader of the Government in the Senate, I do not think I should let go completely unnoticed, although I should like to, the quite unworthy and slanderous statement of Senator Gigantès who suggests that senators on this side would be casting their votes in the interests of their own pecuniary gain by voting in favour of Bill C-91.

The honourable senator, in making a statement like that, knows perfectly well that simple morality, if not parliamentary practice, dictates that if he has a charge to make against any individual, he is obliged to make that charge and to name that individual. That he has not done, and is not likely to do, because the generality of the statement is a total falsehood. Of course, he prefers to leave on the record a group slander of that kind without a smear against honourable colleagues on this side, without any foundation or justification.

That is, of course, the tactic that cowards have always taken throughout the ages, and one that we have come to expect from Senator Gigantès.

• (1930)

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I had expected that Senator Beaulieu would be closing the debate, but apparently he is not. At any rate, I want to say a few words even at this late stage.

In spite of repeated closures, I had a ray of hope last night when I noticed that one of my colleagues from Manitoba, Senator Johnson, was not present for the vote on the amendment. I said to myself, "Ah, she has thrown off the shackles of the whip. She is obviously not going to bow to that constant pressure from the whip and the dictates of the party; she has really seen what the interests of the people of Manitoba are." However, today, I was disappointed in the votes on the amendments.

I think it is truly regrettable that more senators were not present at the hearings on Monday, January 18, when we heard in the morning the federal government telling us that the real cost of all this to Canadians — this being their conservative estimate which they had really checked out — would be $129 million over five years.

That same day, we heard from two provincial governments, Saskatchewan and Manitoba; both made excellent, positive presentations recommending some improvements in the law, and both said that the federal estimates were completely in error. Furthermore, they said that they had submitted to the federal government their estimates on costs, Saskatchewan's being the more detailed. Based on its provincial figures and carrying these through to the total Canadian population, Saskatchewan estimated that the cost would be somewhere between $750 million and $1.2 billion over five years. Compare that to the federal government's estimated cost of $129 million.

Senator Lynch-Staunton: Different calculations coming from different places.

Senator Molgat: No, no. That was their calculation. They submitted those figures to the federal government. The federal government did not refute them. They did not even answer them.

What did Manitoba say? Manitoba did a special study on the length of the extension. The federal government says three years. Manitoba's figure came out to 7.6 years. That compared to Schondelmeyer's figure of 7.2 years. They submitted those figures to the federal government. They did not even receive an answer.

Senator Lynch-Staunton: Different assumptions.

Senator Molgat: It is regrettable, then, that honourable senators were not there to listen to what these provincial governments had to say.

I will not read the whole discussion into the record, but here are some statements as examples. First of all, Manitoba strongly recommended nine changes to the Patented Medicines Prices Review Board. They recommended five specific proposals with respect to the bill. As to costs, they said this legislation would most likely cost Manitobans two to three times the figures suggested by the federal government. This is unacceptable.

When we were discussing the retroactive feature, I asked them this question:

> As far as you are concerned, you see no reason why the law has to be retroactive? We were told it will create chaos and confusion. You do not buy that?

What was the answer of the minister, Mr. Stefanson? His answer was, "We do not buy that at all, Senator Molgat."

Finally, at the end of the Manitoba presentation, I asked them this question:

> The position of the Manitoba government is clear: The bill should not be passed in its present form; it should be amended?
>
> **Mr. Orchard:** That would be a correct assumption.

Therefore, honourable senators, I do not think the vote should be based on what the Conservative government wants to have happen. You should not be listening to your whip. He has a clear-cut job. He has to do it; that is his job. But your job is to represent the people in your province and not the Conservative government. The people in your province, if you listen to them, will tell you to vote against this bill.

On one last point, the Manitoba presentation on January 18 was not a new one, because last summer, on June 23, the premier of Manitoba wrote to Mr. Wilson, outlining in a three-page letter the problems that this legislation would present for our province. One particular comment made by the premier in his letter to Mr. Wilson of June 23 was as follows:

> Before I begin, I should mention that I have discussed this issue with a number of representatives of the Canadian generic pharmaceutical industry who informed me that, at your April 2, 1992 meeting with them, you indicated that the federal government might proceed with the elimination of compulsory licensing unilaterally, even if no GATT or NAFTA agreement is concluded.

In other words, the story that we had to do this because of GATT and NAFTA was the same old business: "The devil made me do it". The government had decided they wanted to do it.

Honourable senators, I urge you to reflect on the quotation that Senator De Bané read to you. I will repeat it. This is Mrs. Jane Fulton, assistant professor, Faculty of Administration, University of Ottawa:

> First of all, with the passage of this bill, it seems to me that there will be a continued transfer of wealth from Canadians who pay taxes to the multinational pharmaceutical corporations. If this meets with your approval, then the bill should certainly receive your stamp of approval.

It certainly does not receive the stamp of approval of senators on this side.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Beaulieu, seconded by the Honourable Senator Teed, that Bill C-91 be read the third time now.

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

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

• (1940)

Motion agreed to and bill read third time and passed on the following division:

YEAS

THE HONOURABLE SENATORS

Barootes	Kinsella
Beaudoin	Lavoie-Roux
Beaulieu	Lynch-Staunton
Berntson	Macdonald (*Cape Breton*)
Buchanan	MacDonald (*Halifax*)
Chaput-Rolland	Macquarrie
Cochrane	Marshall
Cogger	Meighen
Comeau	Murray
DeWare	Nurgitz
Di Nino	Oliver
Doody	Ottenheimer
Doyle	Poitras
Forrestall	Robertson
Grimard	Ross
Johnson	Rossiter
Kelleher	Simard
Kelly	Sylvain
Keon	Twinn—38

NAYS

THE HONOURABLE SENATORS

Adams	Kirby
Bonnell	Lawson
Bosa	LeBlanc
Cools	Lewis
Corbin	MacEachen
Davey	Marchand
De Bané	Molgat
Fairbairn	Olson
Frith	Petten
Gigantès	Riel
Grafstein	Sparrow
Graham	Stanbury
Hays	Stewart
Hastings	Stollery
Hébert	Thériault—31
Kenny	

ABSTENTIONS

Nil

• (1950)

OFFICIAL RECORD

CORRECTION TO HANSARD

Hon. J. Michael Forrestall: Honourable senators, at about 10:30 last evening, as recorded in *Hansard*, the attention of the House was drawn to an error in the *Minutes of the Proceedings of the Senate* respecting the work of Senator Marshall's committee. The drawing of that attention has been attributed to me, and while I value very highly the work of Senator Marshall and his committee, and while I admire their fortitude and strength of purpose, I must indicate to the chamber that, as most of you will know, it was the distinguished senator from Palliser, the Honourable Earl Hastings, who made that remark.

I can only conclude, honourable senators, that the *Hansard* reporter must have been thinking of good looks, brilliant charm, wit and intelligence, and put my name down instead of the honourable senator's.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, owing to the lateness of the hour and the fact that we have been here non-stop since 2 o'clock, I move that all further Orders, Motions and Inquiries be allowed to stand.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): We would agree to that motion, on the understanding that the numbers do not change.

Senator Lynch-Staunton: The clock does not move.

The Hon. the Speaker: Is it agreed, honourable senators?

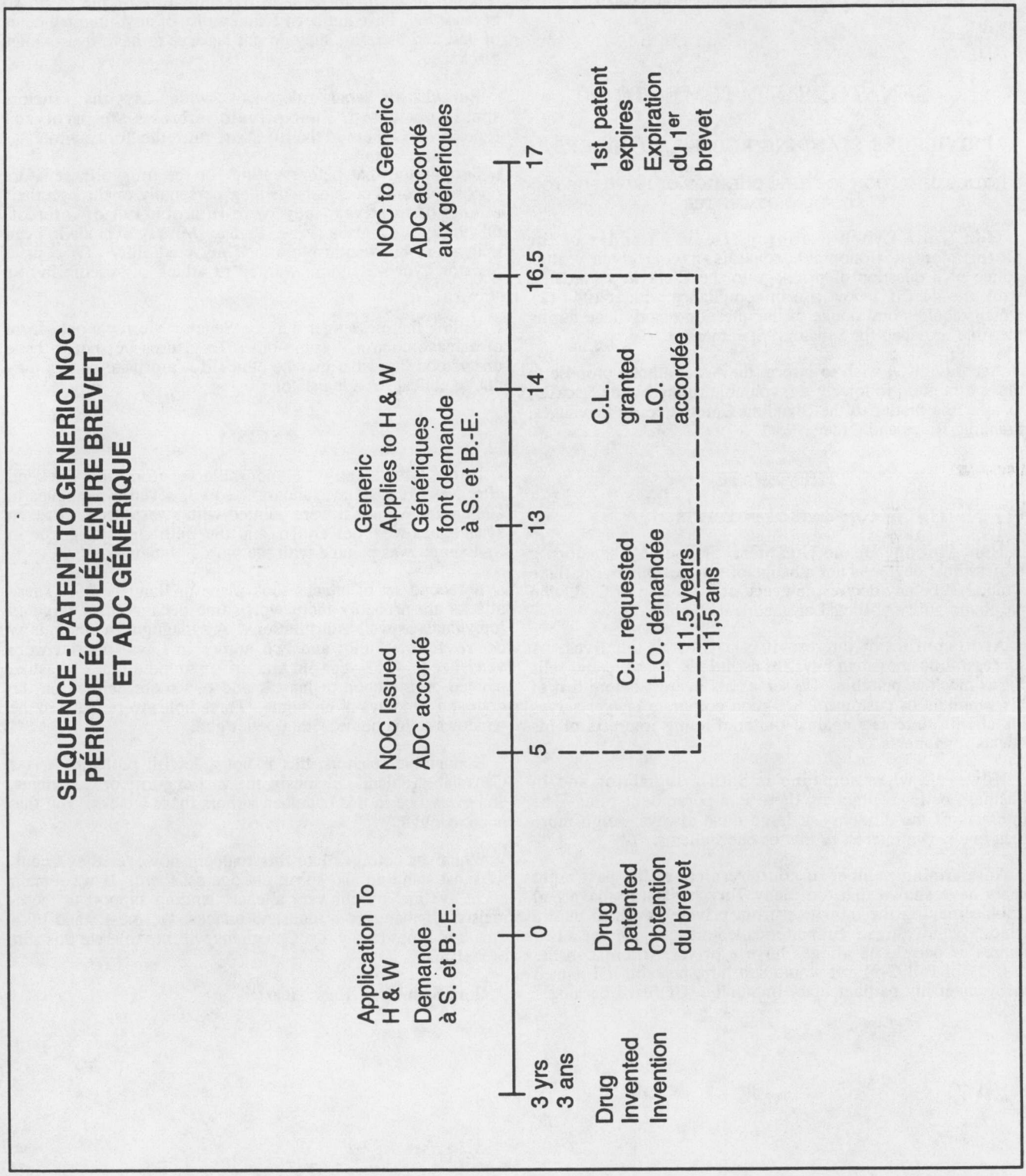
Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(See p. 2745)

SEQUENCE - PATENT TO GENERIC NOC



THE SENATE

Thursday, February 4, 1993

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

Prayers.

SENATORS' STATEMENTS

PRIVILEGES, STANDING RULES AND ORDERS

NOTICE OF MOTION TO REFER QUESTION OF PRIVILEGE TO STANDING COMMITTEE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, having given written notice of a question of privilege to the Clerk in accordance with rule 44 (3), I now rise in compliance with rule 44 (2), which requires oral notice of the question of privilege during the time provided for Senators' Statements.

Accordingly, I wish to inform the Senate that I propose to move a motion, following a favourable ruling by the Speaker, to refer the matter to the Standing Committee on Privileges, Standing Rules and Orders.

THE SENATE

CONFLICTS OF INTERESTS

Hon. Philippe Deane Gigantès: Honourable senators, a professional degree is not a badge of virtue. Otherwise, there would not be any doctors, lawyers, or even men of God, who are found guilty of illegal or unethical conduct.

As to conflict of interest, it is part of all our lives. A successful businessman buys for as little as possible and sells for as much as possible. He serves his interest before that of his suppliers or customers. A good corporate lawyer serves his clients' interests against the conflicting interests of his clients' opponents.

However, when someone is both a legislator and in business or legal practice, there is a paramount rule: The interests of the citizenry at large must always weigh more than one's own interest or that of one's clients.

An alarming number of court verdicts in the past eight years have shown that too many Tory legislators have had trouble making the transition from private ethics to public ethics. An investigative reporter called me and gave me a few names of people he alleges have a private interest in the passage of Bill C-91. It would suit him, he said, if I named them under my parliamentary immunity. I refused because I thought it would have been irresponsible of me to do so because they have not been found guilty of anything in a court of law, and therefore they do not deserve to have their names blackened.

But what of Senate rule 66 (4), which says that senators should not vote if their private interests are involved? Rule 66 (4) is there in the rules, the rules the Tories wrote.

I suggested that before voting for the drug bill, senators opposite should consider whether, personally or through their clients or relatives, they were in a conflict of interest. Obviously I touched a nerve. Senator Murray exploded. I can understand his wanting to attack my credibility. Of course, Senator Lynch-Staunton wanted to attack my credibility as well.

Killing the messenger may be Senator Murray's only form of damage control if some other Tory turns out not to have understood that what may be ethical for a private person may not be ethical for a legislator.

RACISM

Hon. Colin Kenny: Honourable senators, the weekend after New Year's Day, January 2 and 3, seven synagogues in and around Montreal were painted with swastikas. All seven synagogues were desecrated, and the Beth Ora synagogue in St–Laurent was painted with the words "Juden Raus".

A second set of attacks took place on January 26. These attacks are probably more worrisome because they targeted individuals as well as institutions. A synagogue, a community centre, four vehicles and two homes in Laval district were vandalized. A 52-year-old taxi driver found a black swastika painted on the hood of his car and two more painted on the door and windows of his home. Three holes were made in the windows to his home with a pellet gun.

Honourable senators, this is not a Jewish problem, it is a Canadian problem. Obviously, the vast majority of Canadians, and every one in this chamber, abhors these attacks. But that is not enough.

Wherever outrages like this happen, however they occur, we must stand up and speak out against them. If we remain silent, we are, by our very silence, lending support to these, racists. If there are a thousand attacks, we must stand up a thousand times to say that Canadians will not tolerate this sort of racism.

Hon. Senators: Hear, Hear!

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, for those supporters of the government who are considering the suggestion I made yesterday that the Canadian people be given a medal for their patience, I point out that they have been patient for 78 days now in waiting to pass judgment on this government in a general election.

VIOLENCE IN SOCIETY

Hon. Janis Johnson: Honourable senators, I rise today to join the ranks of the public, women's groups and law enforcement officials in calling for stronger measures regarding the stalking of women in our country.

Stalking is another form of violence against humanity, especially women. It has led to brutal and tragic results in Winnipeg in the last 10 days. Three people were shot to death by men who had stalked them: Two women and one man.

Terry-Lynn Babb was shot in the head as she stood at a bus stop in downtown Winnipeg. Sherry Paul and her husband, Maurice, were brutally murdered by a man who had stalked Sherry for some time. He held the entire family hostage in their home in St. Eustache, Manitoba and murdered the parents while their three children hid in the house and tried to escape.

The murders were violent, ugly and beyond reason. Restraining orders had been issued in both these cases, but the law was helpless to hold these men, despite repeated complaints from the women for over a year. This echoes the Ottawa murder last year of a young woman who had been stalked by her estranged husband.

There have to be stricter restraining orders and stronger laws which warn of previous violence, knowledge of weapon offences, harassment and violation of one's privacy. We could also look at gun control laws again, but what of other weapons? The Ottawa case saw the use of a crossbow.

It is a terrible problem and one of many in our society which pits human beings against each other; and how can we control that? Violence is pervasive in our world and played out every day in wars and other atrocities. Perhaps if we held a world symposium on the human condition, or at least took a look at the social fabric of our society in Canada which is producing men who perpetrate such violence, we would go a long way towards helping to solve some of the problems.

Where are we failing people? This is not simply a matter of men versus women. It is family breakdown, confusion about roles and economic hardship.

In November 1992, the government was responsible for the setting up of five regional Research Centres on Family Violence and Violence Against Women. These centres, located at the University of New Brunswick, the University of Western Ontario, the University of British Columbia, the University of Manitoba and the University of Montreal will be conducting research into these problems. I look forward to their findings. I look forward to some concrete analysis from which we can formulate better solutions to these problems. Perhaps we in the Senate can undertake some study in this area as well.

In the meantime, I know that honourable senators will join with me in extending our deepest sympathy to the families of these victims and pledge to do our part to solve the many problems of violence against people in our country.

Hon. Senators: Hear, hear!

[*Translation*]

ROUTINE PROCEEDINGS

INTERNATIONAL ASSEMBLY OF FRENCH-SPEAKING PARLIAMENTARIANS

REPORT OF CANADIAN SECTION TABLED

Hon. Gérald J. Comeau: Honourable senators, I have the honour to table the report of the Canadian section of the International Assembly of French-speaking Parliamentarians on the meeting of the policy and general management committee held in Paris, France from November 12 to 14, 1992.

[*English*]

• (1410)

NORTH AMERICAN FREE TRADE AGREEMENT

IMPLICATIONS OF CANADA'S ENTRY—NOTICE OF INQUIRY

Hon. Peter A. Stollery: Honourable senators, I rise to give notice that, at the next sitting of the Senate, I will draw the attention of the Senate to some of the implications of Canada's entering into the free trade agreement with the United States and Mexico.

[*Translation*]

PATENT ACT AMENDMENT BILL, 1992

PRESENTATION OF PETITIONS

Hon. Normand Grimard: Honourable senators, I have the honour to present a petition signed in January 1993 by 98 people from the Montreal area.

The petitioners are professors at the University of Montreal, general practitioners, specialists and technicians at St-Luc

Hospital, the Department of Pharmacology of the University of Montreal, Hôtel-Dieu Hospital, Sacré-Coeur Hospital and the Montreal Cardiology Institute.

They must be very pleased that yesterday in this house, we passed the Patent Act Amendment Bill, 1992. They signed a petition in support of this law.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 250 citizens of Alberta who oppose the goods and services tax.

These people will not have the same benefit as the petitioners we just heard. Apparently the government paid attention to them because it passed the bill in the way we know!

These petitions come mainly from Strathmore, Calgary and Edmonton.

Honourable senators, I also have the honour to present petitions signed by 150 citizens of British Columbia who oppose the goods and services tax. These petitions come mainly from Langley Prairie, Surrey Centre, White Rock and Terrace.

Finally, honourable senators, I have the honour to present petitions signed by 20 citizens of New Brunswick who oppose the goods and services tax. These petitions come mainly from Sheila and Caraquet.

These petitions were signed on December 2, 1992, two months ago. This information should please Senator Murray, who is always concerned about how old my petitions are.

These petitions represent a grand total of 420 signatures from people who vigorously oppose the GST, especially as it affects the free dissemination of periodicals and books, a subject particularly dear to Senator Chaput-Rolland!

[*English*]

PATENT ACT AMENDMENT BILL, 1992

PRESENTATION OF PETITIONS

Hon. Efstathios William Barootes: Honourable senators, I have the honour to present petitions numbering 305 in support of Bill C-91, which we passed yesterday. I would like to point out that these 305 names are all names of university-based researchers in Canada. They come from the University of British Columbia, University of Saskatchewan, University of Manitoba, McMaster University, McGill University, University of Toronto, University of Montreal, and several other institutions.

[Senator Grimard]

I might add that among them are the most eminent and prominent names in medical and pharmaceutical research in Canada.

QUESTION PERIOD

NATIONAL DEFENCE

COST OF MILITARY HELICOPTERS CONTRACT—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, yesterday I asked the Leader of the Government in the Senate for information about the helicopters contract. In specifying what I would want, I said:

> If he wants more detail in writing about my question, I will be happy to oblige.

Senator Murray then said:

> ...I would be happy to try to obtain any specific information the honourable senator wishes to seek by way of a written question on this matter.

I just want to be sure that we understand each other on this. Does the leader want anything more specific than what I said in the question? In other words, is he processing the question for the detail for which I asked in the oral question, or is he waiting for something more, and, if so, what more?

Hon. Lowell Murray (Leader of the Government): Honourable senators, my friend can either put a written question down, to which we would reply as to all written questions, or, if he prefers, I will have a look at his question of yesterday and, as he puts it, process it as it is.

Senator Frith: Then we do understand each other. If in the course of doing that the Leader of the Government decides he wants to be a little clearer about what I want in this department, I will furnish something more.

I am sure he did not forget that I tagged on another question on the same subject right at the bottom of page 2717, regarding whose submarines it is that we are worried about. He may keep that in mind if he consults the military on the need for these helicopters.

GENERAL ELECTION

DATE OF DISSOLUTION—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have two more questions for the Leader of the Government in the Senate. The first is: In view of the 78 days we are now beyond the four-year period, whether there is any hope that could be held out to Canadians that the government will screw up its courage and soon give

the Canadian people what Senator Murray thinks contemptible, which they were not given almost three months ago; that is, a chance to pass judgment on this government in a general election. I emphasize the word "soon".

Hon. Lowell Murray (Leader of the Government): Honourable senators, it will be, of course, up to the Prime Minister to recommend the date of dissolution and of a general election, so I really cannot comment much on the question asked by the Leader of the Opposition except to observe that Canadians did go to the polls in a referendum last fall. Naturally, we wanted to put some time between that national vote and the date of the next election.

Senator Frith: He is aware that an advantage can be taken of the fact that the referendum vote was held, because the enumeration lists can be used for the election, but only for a limited period?

Senator Murray: I think until October 26, 1993.

Senator Frith: Is that the best hope we can hold out for the Canadian people?

Senator Murray: That is the law, honourable senators.

Senator Frith: The law that leaves them in their present hopeless condition.

INTENTIONS OF PRIME MINISTER—GOVERNMENT RESPONSE

Hon. Royce Frith (Leader of the Opposition): My last question to the Leader of the Government is to ask whether he has had an opportunity to give the advice that he said he would give to the Prime Minister last Tuesday; not to be chicken and follow through on his boasts about defeating Mr. Chrétien in the next election.

Hon. Lowell Murray (Leader of the Government): Honourable senators, as I indicated, my advice to the Prime Minister was that he lead this government and party into its third consecutive majority victory.

Some Hon. Senators: Here, here!

Senator Murray: I can only say that my advice was warmly received.

Senator Frith: Remembering that this arose originally in answer to my question and statement that my own opinion, and I think the opinion of many Canadians too, is that one thing the Prime Minister is not, is chicken. Was the advice given to him in that particular context?

Senator Murray: No, honourable senators. I did not really have occasion to refer to the exchange between the Leader of the Opposition and myself in the Senate.

Senator Frith: But you will seize the first opportunity to do so.

Senator Murray: The Prime Minister is an avid reader of the Senate *Hansard.*

• (1420)

PATENT ACT AMENDMENT BILL, 1992

ROYAL ASSENT PROCESS — GOVERNMENT POSITION

Hon. L. Norbert Thériault: Honourable senators, my question is for the Leader of the Government in the Senate. It arises from petitions presented by Honourable Senators Grimard and Baroutes. I understand that those senators presented petitions on behalf of 300 or 400 university researchers in the pharmaceutical field or medical field supporting Bill C-91.

My question is this: Will the Leader of the Government in the Senate heed a letter from the Action Canada Network sent to every senator's office today? The Action Canada Network represents these organizations: National Pensioners and Seniors Citizens Federation; National Anti-Poverty Organization; United Church of Canada; Ecumenical Coalition for Economic Justice; Canadian Council of Retirees; OXFAM Canada; National Action Committee on the Status of Women; Canadian Health Coalition; National Farmers Union; Canadian Labour Congress; CUSO; Canadian Teachers Federation; Canadian Union of Public Employees; Canadian Environmental Law Association; Interpares; Canadian Auto Workers; Canadian Centre for Policy Alternatives; Canadian Federation of Students; Rural Dignity; Confédération des syndicats nationaux; Greenpeace; Foodshare; Council of Canadians; United Steelworkers of America; Canadian Peace Alliance; Public Service Alliance of Canada; Latin America Working Group; Canadian Union of Postal Workers; Ontario Secondary School Teachers Federation; Workers of Colour Support Network; Confederation of Canadian Unions; National Union of Public and General Workers; Centrale de l'enseignement du Québec; Canadian Community Education Association; Saskatchewan Federation of Labour; Ontario Federation of Labour; Action Canada Network — British Columbia; Action Canada Network — Alberta; Action Canada Network — PEI; Saskatchewan Coalition for Social Justice; Manitoba Choices Coalition; Ontario Coalition for Social Justice; Solidarité populaire Québec; Action Nova Scotia; and the Newfoundland Coalition for Equity.

These groups represent millions of Canadians who are pleading with the Government of Canada and the Leader of the Government in the Senate not to proceed with the Royal Assent of this dastardly legislation.

Senator Lynch-Staunton: Question?

Hon. Lowell Murray (Leader of the Government): The Leader of the Government in the Senate respects the decision taken by the Senate last night. Bill C-91 will be presented to the Deputy of his Excellency the Governor General for Royal Assent, I trust, later today.

Senator Thériault: If that is the case, why did you not tell your colleagues that the petitions they were presenting were in connection with a bill that had already passed? Why does your government have double standards?

CANADA-UNITED STATES RELATIONS

MEETING OF PRIME MINISTER AND PRESIDENT— NATURE OF AGENDA

Hon. H.A. Olson: Honourable senators, my question is for the Leader of the Government in the Senate. Can he give us an indication of what is on the agenda for the meeting to be held tomorrow between the Prime Minister of Canada and President Clinton of the United States?

Senator Frith: A photo opportunity — that is what is on the agenda.

Senator Olson: We would like to know, because a report was issued this morning from the Centre for Strategic Studies in International Affairs that trouble is brewing between Canada and the United States.

Senator Barootes: Beer wars.

Senator Olson: They indicated there would be fish, grain, steel and lumber wars.

Senator Barootes: You said "brewing".

Senator Olson: Your Honour, I wish the hecklers on the other side of this chamber would be quiet. I am very concerned as to whether or not the Prime Minister will discuss with the President the very real mutual problems that exist, and that are doing great damage to sectors of our economy.

Hon. Lowell Murray (Leader of the Government): Honourable senators, for this meeting I would not say there is a formal agenda, in the usual sense of that term. This will be the first meeting between Prime Minister Mulroney and the new President of the United States. It is an opportunity to discuss major bilateral issues in trade and other areas between our two countries. I would expect, as well, that there will be a discussion of our respective policies on a number of multilateral issues.

• (1430)

I believe the Prime Minister, the Deputy Prime Minister and the Minister of Finance will be attending those meetings.

Senator Olson: I am sorry to say that I interpret what the minister has just said as being something that he sort of expects, but I am not quite sure. Surely he must agree that the Canadian people have a right to know whether or not their Prime Minister will raise these matters and try to reach an accommodation with the leader of the United States, because in many of these areas we are reaching crisis stages; for example, the problems we have experienced with the fisheries on the West and East coasts, or certain parts thereof, the recent problems involving steel, and the ongoing problem of enhanced export subsidies into the international grain market. Surely it is the right of the Canadian people to have a little more certainty that their leader will try to resolve these problems when he has the opportunity to do so at that meeting?

Senator Murray: Honourable senators, I have heard — as I am sure the honourable senator has — the Prime Minister state publicly that there are a number of important issues between our two countries. The Prime Minister will want to raise these in the course of his meetings with the President.

However, we should not harbour any illusions. There are, as the senator correctly states, numerous issues in trade and other areas between our countries but, in the course of a one-day meeting, the honourable senator cannot expect that all or many of them will be finally resolved. This is an opportunity for us to convey to the President of the United States some of our priorities and our concerns in the bilateral relationship as well as on multilateral matters. It may be an opportunity to agree on a process for dealing further with, and resolving, some of those concerns. However, the honourable senator has enough experience with these matters to know that we should not expect any series of dramatic announcements at the end of a one-day meeting.

Senator Olson: Honourable senators, I did not ask that they be finally resolved in a one-day meeting. From what I read in some of the newspapers today, I take it there is some move afoot in Washington to more or less try and scare Canada off from bringing up these disputes. If we can be assured that the Prime Minister will at least voice our concerns and indicate that we need to find some other way of dealing with these matters in order to avoid conflict, then there would be some satisfaction for the Canadian people. That is all I am asking.

I am well aware that these problems cannot be resolved in one day, but I had hoped that the Prime Minister might indicate to the President that a lot of Canadians are suffering drastically because of some disagreement with the international trade policy of the United States. We would like to be assured that our Prime Minister will at least remind the President that such disputes do exist, and they are troublesome. There is nothing worse than getting the silent treatment. Canadians might then say, "The Prime Minister was in Washington and he did not even bring up the fact that we are still having a grain problem with the United States after six years."

Senator Murray: Honourable senators, the record will show that this Prime Minister has never been hesitant about raising and pressing Canada's position on the most difficult and contentious issues between our two countries. The record will show that he has done so with considerable success.

Senator Olson: With zero success so far.

Senator Murray: While he is there, may he take it for granted that Senator Olson is supporting the Blair House

agreement between the United States and the European Community? We discussed this matter several weeks ago, and I am sure that the Prime Minister would want to know before he leaves what the honourable senator's position on the matter is.

Senator Olson: He cannot say that Senator Olson supports the Blair House agreement because we do not know yet what the application of that particular agreement means. What we do know is that, to date, there has been absolutely no improvement in the international grain market. That is what my question is all about.

I would be comforted if the minister could tell us, either without reservation or categorically — use any term that you like — that our Prime Minister will stand up for the interests of Canadians and remind the President of the United States, even though he is a fairly new president, that these things need to be discussed. If he does that, he will have my support one hundred per cent.

Senator Simard: He has a good record on that point.

HEALTH AND WELFARE

DAVIS INLET — LACK OF SANITARY FACILITIES — GOVERNMENT POSITION

Hon. Willie Adams: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate concerning the situation at Davis Inlet. Over the past three or four days, we have seen on the national television news what has been occurring in this community.

Last night, the Minister of Health, Mr. Bouchard, indicated that he will help the people in that community by sending 10- and 14-year-old kids who are sniffing gas to detoxification centres at locations outside of the community.

From the CTV news this morning, I learn that some leaders in the Innu community feel that the problem will not be solved simply by sending these children out to detoxification centres for help with their gas-sniffing addictions.

The only way we can really resolve this problem is by talking to the people of the community. The Innu were put on that island. The people who live in that community did not chose to go there to that island. The government was responsible for moving them there some 25 years ago.

There are no facilities for providing running water to the community because the island is not big enough. People who want to live on the mainland in the summertime are stuck on the island, and those who live there cannot even go out to hunt. The population in the community is growing. They now have a population of 500 on that island. The government in Ottawa should hold discussions with the people in the community to find out what they want in the future. From what I see right now, sending kids out to learn not to sniff gas will not resolve the problems in this community.

Perhaps the Leader of the Government might talk to the Minister of Indian Affairs about his intentions with respect to the future of that community. These occurrences are typical now for the people living on that island because they are not able to live with their own culture. The hunting is not good on that island, so they are unable to provide for themselves in that way.

I should like to know what the Minister of Indian Affairs will do in the future for those communities to resolve their numerous problems, such as no running water in the community.

• (1440)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I appreciate the statement just made by our colleague. As I am sure he knows, the immediate problem concerns those children. Mr. Bouchard, the Minister of National Health and Welfare, has suggested that they be taken to a place outside the community so that they may receive the necessary professional care and attention. I believe, although I have not spoken to Mr. Bouchard about it in the last day or so, that there is some difference of opinion between him and people in the community as to whether it is appropriate to remove the children from the community for that purpose, even temporarily, and whether, alternatively, it is at all possible to provide that care and treatment in the community. That is a short-term issue between the minister and some of the responsible people in the community.

The longer-term issue to which the honourable senator refers is, as Mr. Siddon has stated, not a matter on which the Government of Canada can or should impose our will on the people. We will have to know what their wishes in this matter are, and we will have to work out a solution with them.

I am sure all this moves too slowly for the honourable senator, as it moves too slowly for most of us. I can tell him that, if officials are not there now, they are going there within a few hours to discuss these matters at greater length with the people in the community and to move forward as quickly as possible to some proper solution.

THE BUDGET

TIMING OF TABLING — REQUEST FOR INFORMATION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the minister. Could he confirm whether it is correct that the budget has been deferred for quite some time?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not in a position to make any announcement as to the date of the budget.

Senator Olson: What about prorogation?

Senator Frith: What about the Speech from the Throne? Same answer?

Senator Murray: The same answer, honourable senators.

Senator Molgat: Honourable senators, perhaps my honourable friend can find out when we can expect the budget. I was under the impression that the government had decided it would try to have the budget at the same time each year. In fact, we were approached at one stage to express our opinions on that matter. I thought it was in process. Where do we stand?

Senator Murray: Honourable senators, I think in every full fiscal year except one that the present government has been in office, we have brought in a budget in February. The question that Mr. Mazankowski has to decide is whether, given the fact that he had a fairly comprehensive economic and financial statement in December, it would be better to wait beyond February before bringing in a full budget. We will of course, as I indicated to the Deputy Leader of the Opposition yesterday, be bringing down the Main Estimates before the end of this month.

Senator Frith: That is a reasonable answer.

NATIONAL DEFENCE

REDUCTION OF FORCES—ACQUISITION OF EQUIPMENT—GOVERNMENT POLICY

Hon. M. Lorne Bonnell: Honourable senators, could the minister confirm, if it is a fact, that the Minister of National Defence has ordered a reduction in regular forces with the intention of using the money in the budget that would be saved to buy more military equipment, rather than hiring personnel?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not have the details at my fingertips, but I think as recently as December statements were made as to the personnel component of both the permanent forces, the reserve for the Canadian Armed Forces and the budgets for equipment. All I can tell the honourable senator is that while there has been a new minister appointed in the person of Ms Campbell, there has been no change in the policy.

Senator Bonnell: In other words, the honourable senator is confirming that the department has decided to cut down the number of personnel in the armed forces and to use that money in their budget to buy more equipment. Is that correct?

Senator Murray: Honourable senators, I am simply stating that the policy, announced some months ago, with regard to budgets for equipment and the personnel projections — the size of the regular forces and the reserve — stand. There has been no change.

[*Translation*]

ORDERS OF THE DAY

EXCISE TAX ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Hébert, for the second reading of Bill S-14, An Act to amend the Excise Tax Act.—(*Honourable Senator Cogger*).

Hon. Michel Cogger: Honourable senators, I understand this matter was raised Tuesday evening while I was away. In fact, I asked for the debate to be adjourned in my name, since I knew my colleague, Senator Simard, intended to address this matter. I imagine he is the best person to tell you what his plans are.

Hon. Jean-Maurice Simard: Honourable senators, I intend to take part in this debate, and I will do so when honourable senators return to the Senate about two weeks from now.

[*English*]

Senator Frith: If in the meantime, although it sounds unlikely in that schedule, anyone else did want to speak to this order, I am sure Senator Simard would not object.

Senator Simard: By all means.

Senator Frith: Will the order stand in Senator Simard's name?

Senator Cogger: Yes.

Order stands.

NORTH AMERICAN FREE TRADE AGREEMENT

MACRO-ECONOMIC IMPACT OF THE CANADA-UNITED STATES FREE TRADE AGREEMENT—CONSIDERATION OF REPORT OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—ORDER STANDS

On the Order:

> Consideration of the Tenth Report (Interim) of the Standing Senate Committee on Foreign Affairs (Macro-economic Impact of the Canada-United States Free Trade Agreement), tabled in the Senate on 2nd February, 1993.—(*Honourable Senator Stewart).*

Hon. John B. Stewart: Honourable senators, I do not propose to speak on this matter now, but if any other senator wishes to speak he may do so.

However, I want to call to the attention of the Senate the fact that the subcommittee of the Foreign Affairs Committee is hoping very soon to present a full report on peacekeeping.

Order stands.

[*Translation*]

CANADIAN NATIONAL RAILWAYS

DECISION TO SELL THE LINE BETWEEN TRURO AND SYDNEY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Oliver, seconded by the Honourable Senator Kinsella for the adoption of the Twelfth Report of the Standing Senate Committee on Transport and Communications (decision of Canadian National Railways to sell the main railway line between Truro and Sydney, Nova Scotia), presented in the Senate on 23rd June, 1992.—(*Honourable Senator Corbin*).

Hon. Eymard Corbin: Honourable senators, on September 26, 1991, Canadian National Railways announced in a press release that the Truro-Sydney line in Nova Scotia was up for sale. Why? To rationalize CN operations.

That same year, on December 9, Senator Alasdair Graham moved that the Senate examine CN's decision.

The matter was considered at length by the Standing Senate Committee on Transport and Communications, chaired by Senator MacDonald (*Halifax*). The committee's report was tabled in the Senate on June 23, 1992. The Conservative majority on the committee approved the projected sale of the railway line, while the Liberal members expressed a number of reservations. I was one of those members.

Personally, I could not support CN's decision to sell this railway line to private, even foreign interests. The sale raises a number of questions and provides no guarantees for maintaining services on a line that seemed to be in the black, despite these difficult times; something even CN was forced to admit.

Finally, on September 25, 1992, CN announced it had found a buyer for the Truro-Sydney line. For the sum of $20 million, 400 kilometres of rail line serving 150 customers and generating business worth about $30 million annually would be taken over by U.S. interests. Railtex Services Company Inc. of San Antonio, Texas, acquired its second Canadian rail line, since it already operates the Goderich-Exeter line in Ontario, also purchased from CN. Today, the sale of the Truro-Sydney line is subject to approval by the National Transportation Agency, a complex process that started at the end of January this year.

How can an American company acquire a Canadian railway line that our own national railway company claims is profitable? By what sleight of hand or clever tricks were we put in this position? Should we not challenge the patriotism of CN management? Is this the extent of their commitment to our country's future? If so, God help us, because there goes our national heritage!

The Government of Canada, with its ill-advised policies, is directly responsible for this state of affairs. It was the lack of a consistent national transportation policy with specific, long-term objectives that led to this fiasco.

A study by the Quebec Department of Transport, published in June 1991 under the title "Pour un réseau ferroviaire au Québec", concluded that the National Transportation Act, 1987 did not offer sufficient flexibility for maintaining a viable railway network. According to the study, the main weaknesses of the legislation were, first of all, a lack of criteria for identifying lines or line sections that are part of the basic network; second, the operating subsidy system which removes any incentive for maintaining and improving services. The 1987 legislation contains no incentives for orderly and efficient planning of the railway system, or even for maximizing the use of all transportation infrastructures.

The same study recalled that the entirely laudable purpose of the reforms set out in the National Transportation Act, 1987 was to promote intramodal and intermodal competition. Unfortunately, and we realize this now, competition comes with a price tag. It caused profits to go down, thus increasing pressures to reduce costs and increase productivity. As a result, this ill-advised and poorly implemented policy has had a direct impact on the availability of railway services in the country's peripheral regions, and I am referring to essential services required in industrial areas identified by provincial authorities. In other words, the kind of competition referred to in the National Transportation Act encourages our two main railway carriers to concentrate their operations on high density lines and to abandon, or should I say sacrifice, low density lines which, in some cases, are entirely viable, as was admitted by the railway companies.

The Truro-Sydney line was designated as a low density line that was marginally profitable, to quote the terms used by CN. Marginal profits? Profits, in any case. But just try and get the information! People who have been following CN's decisions over the years know that figures can be made to say anything when the public cannot examine them in detail.

In an apparent attempt to balance the impact of promoting competitiveness, the federal government included in the legislation the concept of public interest, except that the burden of proof has been reversed: It now lies with the parties that object to disposal, abandonment or sale. However, since the public does not have access to CN's books, how can it lodge an effective protest?

In this particular case, I find it hard to believe that the review of CN's decision could not consider the public interest. The Canadian public's interest can be protected only by maintaining an integrated and efficient national network that responds to hard predictable and long-term needs, both nationally and regionally.

The dismantling, fragmentation and sell-off of CN's assets that we have been witnessing for a number of years has not been very encouraging for governments with regional economic development projects. We see quite a contradiction in this government's policies.

In fact, this government is pursuing policies that are illogical in themselves. On the one hand, it says that it wants to increase its efforts to stimulate investment in regional development, and spends hundreds of millions on that. On the other hand, it makes it easier to sell and abandon large sections of the rail lines of the two national railways. In addition, I admit that successive provincial governments have not been clear-sighted or capable enough to grasp all of Canada's rail transportation challenges. This is an outstanding reason for having enlightened and progressive national policies. The present approach of the Government of Canada can only lead to an awkward kind of economic development with no future. Furthermore, the nation's roads are hit by the consequences of this ill-advised policy. I will come back to that in a moment.

The fate of the Truro-Sydney line is typical of the consequences of policies that fly in the face of provincial and local governments that try to maintain and expand their economic base, but cannot on account of those policies. What good is having a central government if it abdicates its national responsibilities?

The Senate committee therefore concluded that rail service between Sydney and Truro should be maintained. That was the only sensible conclusion. However, after saying that, the committee had second thoughts; it felt it had acted rashly.

Nothing in the committee's recommendations opposes selling the line. The majority on the committee had already made up their minds, anyway. The committee's recommendations are limited to criticizing, and even reprimanding, the government of Nova Scotia for its attitude in this affair. Even the government of Nova Scotia was shaken. The man who was transport minister when we conducted our study no longer has that portfolio.

Here is a brief excerpt from one of the committee's recommendations:

> 1. That the Government of Nova Scotia should urgently reconsider its present position and make every effort to ensure that a private shortline operator would be successful.

So the committee is tacitly approving the sale to private interests.

[Senator Corbin]

I thought that I should support the position taken by the government of Nova Scotia when the issue was being considered. It was very understandable and quite justified because, by authorizing the sale, the federal government would in fact be releasing itself from any future responsibility to maintain services on that line. That is what I have already called abdication.

It goes without saying that the government of Nova Scotia refused to take on this responsibility, this burden. It does not have the expertise to regulate rail transportation on its territory. It simply does not have the resources. Nevertheless, it would agree to regulate this rail line if the federal government assured it that the service would be maintained, even if the American purchaser abandoned the line or whatever happened in future. That is a minimum, but the federal commitment still has not been forthcoming. Some say that the province has received a verbal, not a written, commitment from the purchaser that if he stopped operating the line, the Province of Nova Scotia would have the first option to buy it. But what is all that worth?

Without that guarantee from the federal government, the position of the Government of Nova Scotia could not be clearer, and has been very well put by the Minister of Transportation and Communications of Nova Scotia, the Honourable Ken Streatch, and I quote:

[*English*]

• (1500)

> Therefore, Mr. Chairman, I must advise your committee tonight —

And that was on April 14, 1992.

> — that I, as Minister of Transportation, will not introduce the required enabling legislation in our House of Assembly. Without that legislation, CN cannot proceed with its plans to sell this line. I repeat that our national government has a fundamental responsibility to Atlantic Canada and to Nova Scotia to maintain the service to Nova Scotia business and to do so at an acceptable rate and at an acceptable level. To do anything less would be seen as a betrayal of the spirit of Confederation.

I refer you to page 11:9 of the proceedings of the committee.

[*Translation*]

I do not see how the province of Nova Scotia could go back on this statement.

I think that the official position of the government of Nova Scotia was even more defensible in that the outright abandonment of this rail line by private enterprise would endanger some 7,000 jobs in the main industrial areas of that part of the province.

In fact, the government of Nova Scotia was only expressing the widespread exasperation that provincial governments feel,

faced with the federal government's neglect of rail transportation.

The lack of direction from the federal government on this issue gives rise to what Senator Graham called the "era of provincialization" in his excellent speech on June 23, 1992.

This "provincialization" of the national rail system has serious repercussions for the provincial governments. They have new responsibilities, but do not receive the funds and staff and have the regulatory and even administrative ability needed to meet them. For all practical purposes, it is a return to the time of small railroads scattered across the country, which Canadian National Railways was supposed to consolidate when it was created. That is shameful! It is a great national tragedy.

Every time a rail line is abandoned, the province must pick up the pieces. The cost of highway infrastructure goes up and it is definitely due to the tremendous increase in heavy trucks on secondary roads and provincial highways where they exist.

[*English*]

The Hon. the Speaker *pro tempore*: I must interrupt the honourable senator because his time is up. Is there leave?

Hon. Senators: Agreed.

Senator Corbin: I thank my colleagues for their courtesy. I will not be too long.

[*Translation*]

In 1991, the Quebec Department of Transport produced a study which showed that every time a railway section is dismantled in the province, the cost of road maintenance and repairs increases by an average of $2,200 per kilometre per year. According to the study, this means an annual increase of about 30 to 40 per cent in maintenance costs.

If we consider the safety factor, however, we soon realize that the public's safety is again at risk. The Truro-Sydney railway line is used to carry an impressive volume of extremely hazardous toxic products such as ammonia, chlorine, caustic soda and propane gas. These substances will end up on Nova Scotia's narrow highways if the rail line is abandoned by Railtex Services Company Inc., the potential purchaser of the Truro-Sydney line. Consider the damage loads of 70-foot trailers could do to our roads.

Abandonment of the line would certainly have a negative impact on the safety of Nova Scotia drivers. An American study published by the Society of Automotive Engineers in the January 1990 issue of the *Transportation Quarterly* concluded that in fatal accidents involving heavy trucks, 15 per cent of the victims were in the trucks, but 75 per cent were passengers in other vehicles. The sharp rise in the number of trucks on the road could only lead to an increase in the number of lives lost and people maimed for life. We must bear this in mind before deciding on the sale or abandonment of a railway line. We must do so in the interests of public safety.

What disturbs me most in the committee's recommendations is that they ignore the objections of the government of Nova Scotia and stress the interests of CN, which are hardly compatible with the objectives of progressive and sustainable economic development at the regional level.

In fact, what apparently transpires from the committee's report is that rationalization of our national railway network must, from now on, take place with no consideration for the interests and preferences of provincial authorities. Why is the government of Nova Scotia categorically opposed to the projected sale of the Truro-Sydney line by Canadian National? The Nova Scotia government cannot let the federal government off-load responsibilities that go back nearly 100 years. As long as the Nova Scotia government refuses to grant an operating permit to the new owner, the transaction concluded by CN and Railtex Services cannot be fulfilled. What will be gained by this exercise? Is it back to square one?

To go ahead with the sale, CN also needs the approval of the National Transportation Agency. There are less than six months left to examine the sale. During that time, the agency may hold public hearings if it feels that is necessary, but it is up to the agency to decide.

I say public hearings must be held. This is not only about the Truro-Sydney line but about the future of any other railway line in this country. The implications are far reaching. Those who are gearing up to applaud this transaction may have a few surprises in their own backyard one of these days.

The only really smart decision would be to cancel the sale of the Truro-Sydney line. CN would then be able to ensure the line achieves its full potential, especially since it has no operating deficits at all, so far. That is the most incredible part of this case.

On motion of Senator Graham, debate adjourned.

• (1510)

[*English*]

QUESTION OF PRIVILEGE

The Hon. the Speaker *pro tempore*: Honourable senators, pursuant to rule 44(8), the Chair has been given notice of a question of privilege. The Honourable Senator Lynch-Staunton.

Senator Lynch-Staunton (Deputy Leader of the Government): Honourable senators, the question of privilege which I raise results from the slanderous statements made by Senator Philippe Gigantès in this chamber yesterday prior to the vote on Bill C-91 and, unfortunately, again today.

His remarks as reported in *Hansard* are word for word the same as those found in the "blues", which indicates clearly that they were not impulsive or given on the spur of the moment in the heat of debate. Rather, this indicates that they were prepared with care and deliberately delivered at a time when they would have the most impact — just prior to the calling of the vote on a major and controversial piece of legislation, thereby consciously impugning the integrity and reputation of 38 of his colleagues.

Let me read what he said, honourable senators:

> Are we sure that rule 66(4) is truly applied? How else can we explain that senators opposite will vote for this dastardly bill? Rule 66(4) states:
>
> > A Senator is not entitled to vote on any question in which the Senator has pecuniary interest not available to the general public. The vote of any Senator so interested shall be disallowed.
>
> In my view, that includes lawyers or their partners who may be working for one of the pharmaceutical firms; accountants; advertisers; shareholders; directors of investment trusts who have bought shares in these companies; and even researchers or family members who are researchers who receive grants from pharmaceutical companies.
>
> We cannot go through a piece of legislation that will affect Canada so severely, a bill which will send so much Canadian money abroad without making sure that the provisions of rule 66(4) are applied. When senators opposite vote, I ask them to consider the consequences of not revealing that they do, indeed, have an interest, because there are investigative reporters who will hound them. I hope they do.

Honourable senators, we must not allow these extraordinary accusations and innuendoes to remain unchallenged. Not only are they a vitriolic, hysterical and malicious attack on the integrity of 38 senators, but they are, indeed, a spiteful reflection on the Senate as a whole. A charge against one senator is a charge against all senators. When it is done in such a cowardly fashion, protected by parliamentary immunity without a shred of supporting evidence, it and its author must be subjected to a rigorous examination regardless of the possible consequences.

Senator Gigantès enjoys subjecting us to malevolent grandstanding — of which we have been too tolerant. Now, he has gone even beyond that. As I listened to him, I was sadly reminded of when I was in Washington in the early 1950s and attended on more than one occasion the infamous committee hearings chaired by Senator Joseph McCarthy.

Using similar tactics, Senator Gigantès has besmirched the character of all his colleagues and brought the Senate into disrepute by his callous cynicism. There is only one course of action left to him; that he retract immediately his statements unequivocally and unconditionally. If not, then I trust, Your Honour, that in accordance with rule 44(12), you will find that I have established a *prima facie* case of privilege so that I can move, in accordance with rule 45(1), that the matter be referred to the Standing Committee on Privileges, Standing Rules and Orders.

Some Hon. Senators: Hear, hear.

Hon. Philippe Deane Gigantès: Honourable senators, I felt it my duty to say:

> When senators opposite vote, I ask them to consider the consequences of not revealing that they do, indeed, have an interest, because there are investigative reporters who will hound them. I hope they do.

By "they" I mean the senators.

I felt it my duty to give senators who might not have realized the consequences of rule 66(4) the chance to act, if they had to, to stay within that rule.

Pursuant to the provisions of rule 45(6)(*a*) and rule 51, I should like to adjourn this debate until the next sitting of the Senate to give a more detailed answer to what Senator Lynch-Staunton has said.

Senator Lynch-Staunton: No, it is not a debate. This is a motion on which the Speaker will be asked to rule. We cannot adjourn it.

Senator Frith: Where does it say that?

Hon. John B. Stewart: Honourable senators, Senator Lynch-Staunton should state the specific charge that he is levelling against Senator Gigantès; the charge that would be considered by the Standing Committee on Privileges, Standing Rules and Orders. He should state what rule or practice of this house has been offended. Perhaps he has a quotation from *Beauchesne*, *Erskine May*, or some such authority on which he bases his charge. Until he has done that, I find it difficult to see how, properly, he can invite the Chair to make a decision.

Senator Frith: What is wrong with adjourning the matter?

Senator Stewart: Simply to say that a statement is offensive, disagreeable, diabolical or slanderous does not necessarily raise a question of privilege.

Hon. Lowell Murray (Leader of the Government): Did you listen to the statement, senator?

Senator Stewart: Of course, and I should like to hear the specific charge and the statutory or regulatory rule that it is alleged has been broken.

• (1520)

Senator Murray: Senator Lynch-Staunton does not have to answer for anything.

Senator Stewart: But he is making the charge.

Senator Murray: I invite Senator Stewart to read the statement at page 2757 of yesterday's *Debates*, the statement of Senator Gigantès. He is stating here quite clearly that there is no other explanation for the votes of some unnamed senators on this side than that they are gaining financially.

Hon. Royce Frith (Leader of the Opposition): He did not say that. He invited them to consider it. You are debating the point; go ahead.

Senator Murray: One of the things that concerns me about this matter is that I hope other senators opposite will not engage their excellent reputations in support of what Senator Gigantès has done. He has committed an offence against the privileges of all senators on this side.

Senator Frith: That is for someone else to decide, not you, Senator.

Senator Murray: That is what we are stating. We are stating that the privileges of all of us on this side have been offended by a statement that, without naming names, could apply to any or to all of us, that we voted as we voted for financial gain. That is surely an offence against the privileges of all the Senators on this side.

Senator Frith: That is not what he said.

Senator Murray: The rule that the Deputy Leader of the Government has invoked is a rule that would have the Speaker decide whether there is a *prima facie* case of breach of privilege. We have left the matter with the Speaker. I think the other option is that Senator Gigantès reconsider and make a full and unconditional retraction of all those statements and of the statement that he made earlier which is, if I understand properly, that he is telling us that someone told him that senators on this side, again unnamed, voted as they voted for financial gain. That is an extremely serious charge; extremely serious. At the end of the day, what does an honourable senator have except his reputation and integrity?

We cannot allow this kind of thing to go on here. We cannot allow this kind of charge to be made with impunity. It is up to the Speaker to decide whether there is a *prima facie* question of privilege. Then the procedure is that the Senate would entertain a motion from the Deputy Leader of the Government.

Senator Stewart: Senator Murray, surely the Chair has a right to be told the particular words that it is alleged offend against privilege and in what way those words offend against privilege, together with the authorities upon which is based the charge which Senator Lynch-Staunton wishes to have referred to the committee on privileges.

It is said that Senator Gigantès has spoken offensively, that he has engaged in McCarthyism.

Senator Lynch-Staunton: Yes, that is a mild word, too.

Senator Stewart: But the person who is making that kind of allegation himself must be precise when he is defining the charge he is levelling, and also precise when he defines the rule or rules that he alleges have been broken.

Privilege is a very precise matter. A charge of a breach of privilege is not lightly to be brought. Simply because I get angry that someone says something nasty or casts an innuendo against me does not breach privilege. That is why I suggest to Senator Lynch-Staunton that it is his obligation to be precise so that the Speaker, and then subsequently the committee — if it goes that far, which I find hard to believe it will — would know what the charge is.

Senator Frith: Honourable senators, could I add something?

You have spoken on your motion, have you not, Senator?

Senator Lynch-Staunton: Senator Stewart has asked me a question. He said that I should give a specific charge out of his question, and I think I have a right to reply.

The answer to your question, Senator Stewart, is in Senator Gigantès' statement, and I will quote to you the part which offends me, and which I think challenges the integrity and the honesty of 38 senators who voted in favour of the bill. Here is the quotation:

> ...When senators opposite vote, I ask them to consider the consequences of not revealing that they do, indeed, have an interest...

So what is he saying? What did he say? What did he repeat again this morning? That some of us last night who voted in favour of this bill, if not all of us — he does say "they do" and that includes all of us — have an interest in seeing, for personal gain, that this bill is passed.

Senator Frith: He said you should consider. He did not say that at all.

Senator Lynch-Staunton: Let us not split hairs to that extent, Senator Frith.

Senator Frith: That is not splitting hairs.

Senator Lynch-Staunton: He wants us to consider the consequences of not revealing. Therefore because I have not revealed that I have or have not an interest, I and 37 others, according to him, are in breach of trust by having broken basic rules and being in a conflict of interest. If that is not an

attack on the privilege of the Senate and certain senators, I do not know what is.

Senator Frith: That is valid. We now have it on the record for the Speaker to decide whether that involves a breach of privilege. I think that is the question that senators —

Senator Lynch-Staunton: The whole statement.

Senator Frith: You were asked to specify, and you specified. I am not quarrelling with that. However, I cannot understand, if I may add a word about procedure, why the idea of Senator Gigantès being given an opportunity to adjourn the debate is so objectionable. I cannot understand why there is any problem with that. There is nothing to prevent it.

Also, I was not here when this took place. Perhaps some senators have already decided the question that is before us —

Senator Simard: It is for the Speaker to decide.

Senator Frith: Exactly. As Senator Simard points out, it is not for us to decide. It is for the Speaker to decide.

Senator Lynch-Staunton: Let him decide it.

Senator Frith: So let the Speaker decide it, but let him decide it after having heard only what Senator Lynch-Staunton has to say? Let him decide it, we hear. Senator Lynch-Staunton has said what he wants to say on this. The rest of us senators, I being one who was not here at the time, would like to hear what other senators have to say about it, which is intended in the rules by allowing each of us to contribute to the debate to persuade the Speaker that it is or is not a *prima facie* case.

• (1530)

You do not shut the thing off. That is like saying, "I have listened to what the Crown Attorney has to say" and then the defence attorney says, "Wouldn't you like to hear another side of it? And I would like to adjourn — "

Senator Simard: You are not in court.

Senator Frith: No, exactly, we are not in court. And it seems that the senators do not see the analogy. Senator DeWare says, "We have put forward our side of the case; that is all the Speaker needs to hear." But the rules do not say that. The rules say that the Speaker decides when he has heard enough debate. Look it up. On the question of a *prima facie* case, the Speaker decides when he has heard enough, not Senator Berntson, not Senator DeWare, not Senator Lynch-Staunton. He decides when he has heard enough, not you.

It seems an outrageous thought to the other side that the Speaker should listen to what someone else has to say.

Senator Murray: That is not right, senator.

Senator Frith: As I understand it, the position of the Leader of the Government and his shouting supporters, including Senator Simard, is that the Speaker should decide it now and there should be no adjournment of the debate.

Senator Murray: No adjournment.

Senator Frith: Why not?

Senator Murray: Because our privileges —

Senator Frith: This is a motion —

Senator Murray: The honourable senator either retracts or he explains. He retracts or he explains.

Senator Molgat: No, that is not in the rules.

Senator Frith: The whole procedure you have established with these rules is the following: The person complaining of breach of privilege gives a notice to the Clerk and the Clerk sends a copy to all senators. All of that has been done. The rules then provide that under Statements, the complaining senator stands and says, "I am prepared to make a motion". He does that in order to trigger the debate on whether there is a *prime facie* case. Senator Lynch-Staunton did that. He has followed the procedure well. He even answered Senator Stewart when Senator Stewart asked for specific information.

Now it is up to the Speaker to decide whether there is a *prima facie* case. But is Senator Gigantès not entitled to adjourn the debate after he has heard the specifics? Remember —

Senator Forrestall: At which time —

Senator Corbin: Stop interrupting. Be polite.

Senator Frith: I know, you have already hanged him and you are not even going to bother having a trial. We know you have made up your mind about it, but it is not up to you and it is not up to me, it is up to the Speaker, who is entitled to listen. Remember that under the rules — and this may turn around the other way some day — Senator Lynch-Staunton simply asks the Clerk to send a notice. He does not specify his breach of privilege. He says "the remarks made". He does not precisely say where the privilege is broken, and that is fine.

Senator Murray: That is hair splitting. You know what they are; he knows what they are; we all know what they are.

Senator Frith: It is not hair splitting. What is hair splitting is to say that our rules provide that a notice has to be sent by the Clerk to all the senators informing them that a question of privilege is going to be raised. And the rules provide that the person who is going to raise the question of privilege will do so under Statements and at that time — I think this is a good dimension — must say, "I am prepared to make a motion on the breach of privilege", and then states his case.

Now, Senator Lynch-Staunton's carriage of this matter is impeccable to that point. He has proceeded exactly as the rules require. In addition, he was asked by Senator Stewart to be more precise so that the Speaker could make the decision as to exactly what in the statement raised the question of privilege. He has done that.

That, then, is all the presentation of that side of the case. That is the first we have heard of that. That is the first time we could hear of it, because we had to come into the Senate to hear it.

Then the person against whom it is alleged, having heard the charge and arguments, asks to adjourn the debate in order to consider that and make his reply. Others will participate; we will all listen and then we will make our submissions to the Speaker. The Speaker will then consider whether there is a *prima facie* case.

There is no reason at all why Senator Lynch-Staunton could not adjourn it further if he wants. Why not? We are here to listen to a question of privilege, to hear all the interventions on the question of privilege and then the Speaker, under the rules, can say "I have heard enough, I will now consider whether there is a *prima facie* case." Then we will debate the motion itself, if there is a motion. That is what the rules provide.

I cannot understand why it seems so outrageous that a senator — who could be any one of us — accused of having breached privilege, should not be given the chance to adjourn the debate to prepare his side of the case. He has first heard the accusation, officially, only a few moments ago.

Senator Murray: Honourable senators, I will agree on one point. It is up to the Speaker to decide whether there is a *prima facie* case, and if the Speaker wishes to consider the matter further, that is his right. I will make no further comment. We will await his remarks when he feels that he has heard enough from the rest of us.

I do have to point out that Senator Gigantès was given notice this morning, as specified in the rules, so he has had ample time to prepare his argument.

Not only that, I remind the Leader of the Opposition that on Senators' Statements today, Senator Gigantès returned to the charge. I am sure that most of you, honourable senators, were present. I have the "blues". This is an unofficial transcript, but let me read it. Senator Gigantès said earlier today:

> An investigative reporter called me and gave me a few names of people he alleges have a private interest in the passage of Bill C-91. It would suit him, he said, if I named them under my parliamentary immunity. I refused because I thought it would have been irresponsible of me to do so because they have not been found guilty of anything in a court of law, and therefore they do not deserve to have their names blackened.

So what did Senator Gigantès do last night? He came in here and, not wanting to mention any names, he made the simple statement that there were people on this side of the house who were in breach of rule 66(4).

Hon. Finlay MacDonald: More important that than, it's a breach of the Parliament of Canada Act.

Senator Murray: Senator Gigantès said last night:

> When senators opposite vote, I ask them to consider the consequences of not revealing that they do, indeed, have an interest...

So, honourable senators, one can split hairs, but I ask Senator Frith, the Leader of the Opposition, to do what he frequently does in this place; to put a proposition to the "reasonable person test".

Senator Frith: You are not going to let him adjourn the debate, so why don't we get on with it? You are going to vote it out. You are not going to let him do it, so let's get it done.

Senator Murray: Put it to the "reasonable person test", Senator Frith. What is a reasonable person to conclude?

Senator Frith: He says, "No, Gigantès, you can't adjourn the debate", that is what you think a reasonable person says.

• (1540)

Senator Murray: What is a reasonable person to conclude over remarks made last night —

Senator Frith: This is debate.

Senator Murray: — and again today by Senator Gigantès, except that there are senators on this side who are not honourable and are casting their votes motivated by pecuniary gain for themselves.

Senator Frith: That is what you think a reasonable person must conclude. We assume that the Speaker is a reasonable person, but it is for him to conclude.

Senator Murray: I agree with that. The Speaker will decide whether there is a *prima facie* case.

Senator Frith: Exactly.

Senator Murray: A reasonable person would conclude from Senator Gigantès' remarks last night, and again today, that he is accusing some senators — unnamed and therefore all senators on this side — with being in breach of rule 66(4).

It is up to the Speaker to decide when he has heard enough and what to do about this matter. It is not for me to give advice to others across the way, but any of you who wish to support the statements Senator Gigantès made last night, are welcome to do so. I would be very surprised if any of you do.

Senator Frith: We might do that; we will see. Senator Gigantès wants to adjourn the debate. Let us hear that first.

Your intervention is perfectly correct. That is your opinion. We might want to hear other opinions.

Senator Murray: I trust that senators would not engage their excellent reputations in support of that kind of statement.

Senator Frith: It is comprehensible that there might be other opinions.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I do not understand under what rule Senator Murray says that Senator Gigantès cannot adjourn the debate. Rule 18(3), which is the determining rule, leaves the matter in the hands of the Speaker.

Senator Oliver: Rule 44(12).

Senator Molgat: It is up to any honourable senator who has an opinion on the subject to speak for or against. The Speaker, under the rules, can decide when he has heard enough argument. He can then take the matter under consideration and report at a later date, or he can make an immediate decision, or he can say "Yes, I am prepared to accept an adjournment and give Senator Gigantès an opportunity to go over what he has said." No rule says that the matter cannot be adjourned.

Senator Murray: May I ask the Deputy Leader of the Opposition and the Leader of the Opposition what their views are as to whether there is a *prima facie* case?

Senator Frith: I want to hear what the accused has to say. Is that asking too much?

Senator Lynch-Staunton: We are the accused! Senator Gigantès is not the accused; he is the accuser!

Senator Frith: That is not correct, sir. In the proceeding before the Senate now, he is the accused.

Senator Lynch-Staunton: We are asking for the Speaker to rule that there is enough breach of privilege to air the whole issue in front of a committee. We are not on trial here. We were accused last night of breach of trust, by our interpretation of Senator Gigantès' statements. We want the Chair to rule in favour of a thorough examination of that dastardly charge.

Senator Frith: I am sure that the Speaker will want to look at the record and consider who, in the proceeding before us and not in what happened last night, is accused. The individual accused of a breach of privilege is a senator. I want to hear what he has to say, and he wants to adjourn the debate in order to do so. That is the position I would take in the case of any senator on any side of this chamber who is accused of a breach of privilege.

Is that you, Senator Comeau, mumbling behind your beard?

Hon. Gérald J. Comeau: My beard? It is a mustache.

Senator Frith: It looks like a beard because you have your hand over your mouth. What do you want to say?

Senator Comeau: I want to say that we do not want this matter to remain on the Order Paper for a few months. We want it cleared up.

Senator Frith: Of course one side of a case does not want the matter left on the Order Paper. However, if you were charged with having breached my privileges and you heard what I had to say under the rules, you would want to adjourn the debate to consider whether to speak on the matter. You do not want to give that same right to Senator Gigantès.

Senator Barootes: The Speaker has not yet said he has heard enough on this matter.

The Hon. the Speaker *pro tempore*: Honourable senators, I wish to refer to the citation read by Senator Molgat. Rule 18(3) reads as follows:

> When the Speaker has been asked to decide any question of privilege or point of order he or she shall determine when sufficient argument has been adduced to decide the matter...

I wish to state, first of all, that I am not now saying I will hear no further submissions; but if honourable senators have further submissions to make, I will hear them. I want to make that clear at the outset.

I am not aware, however, that the matter is of its own right adjournable, because I am not aware that there is a motion before the Senate. There is a consideration before the Senate, but there is nothing to be voted on.

Standing Order 44(12) reads as follows:

> The Speaker shall determine whether a *prima facie* case of privilege has been made out.

Rule 45(1) says:

> When a *prima facie* case of privilege has been established...

This assumes that if there is no *prima facie* case, the matter is dropped; it becomes a nullity.

> 45. (1) When a *prima facie* case of privilege has been established, the Senator who raised the matter may move a motion calling on the Senator...

Obviously that is a motion which, like any other motion, is debated and may be adjourned and, I assume, amended, et cetera. However, I am not aware that there is a motion, something on which the Senate makes a decision through a vote, before the house.

By way of summary, honourable senators, I am not aware that I can accept a motion to adjourn; however, I am not

saying that I will not hear further submissions. If honourable senators wish to make further submissions, I shall hear them, and I shall reserve decision for a later date.

Senator Frith: You are ruling that this issue before the Speaker is not adjournable, that Senator Gigantès cannot take time to prepare, and that you will not accept a motion to adjourn; is that correct?

Senator Lynch-Staunton: Because a breach of privilege has yet to be proven.

The Hon. the Speaker *pro tempore*: If the honourable senator wishes to have my comments in the format of a ruling, then I would say that, to the best of my knowledge — I am not infallible — what can be adjourned is debate on a motion.

Senator Frith: Only? Where does it say that?

The Hon. the Speaker *pro tempore*: If the honourable senator can show me a rule to the contrary, I will hear it. However, I am not aware of any rule that says only a motion can be adjourned, and I am not aware of any rule that says anything which is not a motion can be adjourned. My common sense tells me that what you adjourn is debate on a motion; this matter is a consideration.

I do want to make clear that I am not cutting off submissions.

Senator Frith: You are only cutting off adjournment.

Honourable senators, I ask the Chair to rule whether the proposal by Senator Gigantès is in order.

The Hon. the Speaker *pro tempore*: Honourable senators, I cannot accept a motion to adjourn debate on this motion, because I am not aware of any motion.

Senator Frith: Your Honour, you said that you were not aware of any rule. Surely, if something is not prevented, it can be done; nothing says it cannot be done. You said, Your Honour, "I am not aware of any rule, but I am not infallible." Would you not consider looking at the rules before you make this ruling that you are not making?

I am not quite clear. I am asking that the Chair rule on the question — whether it is called a question or an issue or a consideration —

Senator Barootes: You are fogging the issue!

Senator Frith: — of whether this matter can be adjourned so that the person accused of breach of privilege can consider his intervention.

• (1550)

Senator Murray: Honourable senators, there may be other honourable senators who wish to speak on this, and I apologize to them for rising again, but there are a couple of points here.

Senator Frith: Could consideration of a report be adjourned? It is not a motion.

The Hon. the Speaker *pro tempore*: It is a motion.

Senator Lynch-Staunton: Let him finish.

Senator Cools: He did not say "adjourn the motion", he said "referred to committee".

Senator Murray: The first is the precedence that is given under our rules and customs to a question of privilege. Senator Lynch-Staunton has raised a question of privilege.

The statements were made last night by Senator Gigantès. At that time I rose to take objection to the statements which, as I said, slandered all honourable senators on this side. Senator Gigantès compounded the felony this afternoon with a statement during Senators' Statements, to the effect that he had been advised by certain investigative reporters that certain senators on this side "have had a private interest in the passage of Bill C-91." He further said:

> It would suit him he said, if I named them under my parliamentary immunity. I refused because I thought it would have been irresponsible of me to do so because they have not been found guilty of anything in a court of law, and therefore they do not deserve to have their names blackened.

Senator Gigantès then goes on, "But what of Rule 66(4) which says that senators should not vote if their private interests are involved?"

Rather than name names, the senator preferred to place on the record of this house this gossip, this scuttlebutt, this hearsay, or whatever it was, that he got from —

Senator Frith: We can speak as much as we want on this, can we? For example, four, five, six, seven times?

Senator Murray: — an investigative reporter. He left that on the record.

Under the circumstances, the onus is surely on the honourable senator who made the charge.

Senator Frith: That is right. There you are. Shift the burden again to the accused.

Senator Lynch-Staunton: He accused us.

Senator Murray: The onus is on the honourable senator.

Senator Frith: What is before us is your accusation.

Senator Lynch-Staunton: Mine is a request to a committee to investigate his accusations. It is in here.

Senator Frith: No, that is not correct — not yet.

Senator Olson: First, then you moved that motion.

Senator Lynch-Staunton: But after the Speaker has ruled in favour.

Senator Simard: Are you supporting the —

Senator Cools: I am not supporting you.

Senator Simard: You are here.

The Hon. the Speaker *pro tempore*: Order, please.

Senator Frith: Do not listen to the other side. Our side is the only side!

Senator Murray: The senator who makes a charge of that kind —

Senator Frith: Yes, on the accused.

Senator Murray: The accused are on this side.

Senator Frith: No they are not. Not on this. They are not. Last night they were, perhaps.

Senator Murray: Oh, thank you.

Senator Frith: I repeat, perhaps. No. Not so fast, sir. That is the question that is before us, which you have already decided upon. You have decided that you were accused. Now you are bringing it into the fog, and you know why.

Senator Barootes: More fog!

Senator Hastings: There is the old fog horn again!

Senator Murray: The onus is on the senator who makes the charge —

Senator Frith: Where does it say that?

Senator Murray: — such as —

Senator Frith: Where does it say that?

Senator Murray: Has the honourable senator heard of natural justice, much less simple morality?

Senator Frith: Oh! It is certainly clear that one of the principles of natural justice is *ali alter impartem*: Hear the other side. You have not heard about natural justice, obviously. I know about natural justice; you do not. You are saying, "Just hear my side, not the other side."

Senator Murray: Honourable senators, the charge was made last night and it was repeated today by Senator Gigantès that there are senators on this side who voted for financial gain last night. That is the charge. Now his responsibility is to offer some proof of that charge.

Senator Stewart: No.

Senator Murray: Senator Stewart shakes his head. It is not his responsibility to offer any proof of the charge?

Senator Stewart: Yes.

Senator Murray: It is open to an honourable senator to rise and accuse unnamed honourable senators on this side of voting for their own pecuniary gain. That is open to an honourable senator we are now told by Senator Stewart.

No it is not, senator. It is not under parliamentary practice and it is not under simple morality. It is not acceptable, and it is not acceptable on this side.

Senator Frith: Here is "Miss Manners" again.

Senator Stewart: May I deal with that?

Senator Murray: You may deal with it in less than one minute.

Senator Frith: Can we speak as many times as we want?

Senator Murray: The onus is on Senator Gigantès to prove his charge and to name his names.

Senator Frith: That is clear? It is not out of order? In other words, we can all talk as often as we like?

Senator Doody: And all together!

Senator Lynch-Staunton: The Speaker said he wanted to hear the arguments.

The Hon. the Speaker *pro tempore*: Order, please. If I may interrupt the honourable gentlemen, there is an implied question of order, or reflection upon the conduct of the presiding officer.

I wish to make it clear, in answer to the question, "Will the Speaker only hear one side," that that has not been my practice and it is not my intention.

Senator Frith: No, I did not say that. You did not hear me properly.

The Hon. the Speaker *pro tempore*: Perhaps I misheard.

Senator Frith: I am asking whether it is in order for all of us to stand up and speak as often as we like on this point or stand —

Senator Simard: Why do you —

Senator Frith: — or sit in the corner and shout, which is the only thing this senator ever does, whatever his name is, namely, sit over there and shout at us.

Senator Simard: You are reflecting on my character.

Senator Frith: The question I asked the Chair was —

Senator Simard: I represent my people. I am telling you, Senator Frith, that you use the time to make a point to find the accused to report—

The Hon. the Speaker *pro tempore*: Order! Order, please.

Senator Frith: Your Honour, I was simply saying that I thought that you misunderstood what I said. I asked: Is it in order for us to speak as often as we wish? It may be that Senator Murray is perfectly in order, speaking only once on my request for a ruling as to whether or not this consideration — incidentally, we consider reports and we adjourn them all the time — can be adjourned. Even if it is not a motion and is but a consideration, it could be adjourned. I asked for a ruling on that. If that is what Senator Murray is speaking on, then he is in order. I was simply asking: Is that what he is speaking on? We are all only entitled to speak once on that as well, I expect.

The Hon. the Speaker *pro tempore*: Senator Frith, first, if I did misunderstand or misinterpret, then I apologize.

My understanding is that there is nothing prohibiting the honourable senator from speaking more than once.

Senator Frith: That is fine.

The Hon. the Speaker *pro tempore*: That is my understanding on that; that you he can speak more than once. Somewhere along the line I should think that subsection (3) of rule 18 would become operative.

Senator Frith: Yes, precisely.

The Hon. the Speaker *pro tempore*: There is nothing to prohibit senators from speaking more than once.

Senator Frith: Thank you, Your Honour. You have answered my question.

Senator Murray: Honourable senators, I will conclude on this. It will take me less than 30 seconds. It speaks to whether there is a *prima facie* case of privilege here.

Senator Frith: Actually, what we are considering is whether that can be adjourned.

Senator Murray: The allegation made by Senator Gigantès last night, and again today, is of a breach on this side of rule 66 (4) of the Senate, dealing with a private and pecuniary interest in a vote that was then before the Senate.

I simply want to remind Your Honour that anyone in that position would also be guilty of a criminal charge and would certainly be in breach of the Parliament of Canada Act, section 16(1), which states:

> No member of the Senate shall receive or agree to receive any compensation, directly or indirectly, for services rendered or to be rendered to any person, either by the member or another person,
>
> (a) in relation to any bill, proceeding, contract, claim, controversy, charge, accusation, arrest or other matters before the Senate or the House of Commons or a committee of either House...

Anyone in the position of being in breach of rule 66(4) might also be in breach of that section of the Parliament of Canada Act.

• (1600)

I raise that matter only to underline the seriousness of the breach of privilege on which we are asking Your Honour to find that there is indeed a *prima facie* case, and then to entertain a motion from Senator Lynch-Staunton on the matter. I will conclude on that point. I regret I have to leave for a few minutes, but I will be back shortly.

Senator Stewart: Honourable senators, I wish to deal with one point Senator Murray mentioned. I want to read from *Beauchesne*:

> The privilege of freedom of speech is both the least questioned and the most fundamental right of the Member of Parliament on the floor of the House and in committee. It is primarily guaranteed in the British Bill of Rights which declared "that the freedom of speech and debates or proceedings in Parliament ought not to be impeached or questioned in any court or place outside Parliament."

Therefore, the fundamental position is that a member of that house — and, by analogy, this house — has a privilege; the privilege of freedom of speech. In the instance now before us it is alleged that, in exercising his freedom of speech, Senator Gigantès offended against the privileges of one or more — or perhaps all — members opposite.

Senator Murray: Do you argue that he did not?

Senator Stewart: That is not the question; I mention the possibility.

The complainant is on the government side. That is why I asked Senator Lynch-Staunton to specify his charge. That is why I asked him to tell the house and His Honour on what ground he believes that Senator Gigantès, in exercising his fundamental freedom of speech as a member of this house, has offended.

Senator Murray: We have quoted the passages several times.

Senator Stewart: I think the senator may not have heard me. I am addressing the question of where the onus lies. Senator Gigantès has the fundamental right of freedom of speech.

Senator Simard: It is not without limits.

Senator Stewart: That is correct, it is not without limits. If a senator thinks Senator Gigantès has gone beyond the limits, it is up to that person to specify how he has gone beyond the limits.

Senator Murray: We have done that.

Senator Stewart: It is up to those who are accusing Senator Gigantès of violating their privileges to demonstrate that, indeed, he has done so. That is where the onus lies.

Senator Murray: I want to hear my friend address the question of whether there is a *prima facie* breach of privilege here. I want him to address that question on the basis of his considerable experience and knowledge of these matters.

Senator Stewart: Let me say this: Undoubtedly Senator Murray has checked the precedents. I have not had a chance to do so. That is one of the reasons why it would be well to have this matter stand over until we have had a chance to do so. I remember a case that came up in the House of Commons, I believe in 1963, when some Liberal member, if I remember correctly, made a sweeping allegation —

Senator Forrestall: I recall.

Senator Stewart: Yes, and if I remember correctly, the Honourable George Nowlan and other members of the Diefenbaker government complained bitterly. However, as it turned out, because no particular member was named, there was no breach of privilege. It may seem strange and contrary to your logic, Senator Doyle, but Parliament has its own way of thinking, especially when privilege is involved. Questions of privilege are subtle.

Senator Doyle: There is nothing subtle here.

Senator Stewart: We cannot go ahead on the basis of simple common sense. This is a matter of constitutional law because it affects the privileges of members of a house of Parliament. That is why it would be useful to set this matter aside and look at some of the precedents. I am sure there are precedents that would be instructive in this case.

Senator Murray: Honourable senators, let me suggest something that will be even more useful and will bring an end to this right now: If our colleague Senator Gigantès would rise in his place and withdraw, without equivocation, evasion or mental reservation whatsoever, any suggestion that any senator on this side voted last night from a motive of pecuniary gain, and any suggestion that any senator on this side was in breach of rule 66(4). If he would withdraw immediately —

Senator Frith: Senator Gigantès, you did not allege that, so that is easy.

Senator Murray: — without any reservation at all, any suggestion that any senator on this side —

Senator Doody: Or name a senator.

Senator Murray: Or else prove his charge. Any suggestion that any senator on this side could have been in breach of rule 66(4) or had voted last night —

Senator Frith: That is different; if you had left it the other way, I think he should do it.

Senator Murray: — for reasons of pecuniary gain, that would be a sufficient retraction in my mind to end this matter right now. I am speaking as one senator and if other senators have other views, they will express them. I would be satisfied with a withdrawal of that kind now.

Senator Frith: I want to be clear on what Senator Murray is saying, because I would like to discuss it with Senator Gigantès. Is he is saying the matter would be ended —

Senator Murray: Right now.

Senator Frith: Yes, right now — I don't know why that is important — would 30 seconds from now be okay? If Senator Gigantès stated, without equivocation, that he did not accuse any senator on the other side of voting last night for reasons of pecuniary gain —

Senator Oliver: That is not what he said.

Senator Frith: Okay, I am sorry. Would you like to consult with Senator Oliver and he can tell me what you said?

Senator Lynch-Staunton: I can tell you what I asked for and I will repeat it: There is only one course of action left to him: That he retract immediately his statement, unequivocally and unconditionally.

Senator Frith: All of what he said?

Senator Lynch-Staunton: All of what he said in breach of rule 66(4). If he has now decided, and says so publicly, that we were not in breach —

Senator Frith: If your objection is that there was an implication that there was a vote for pecuniary gain, I suspect he would be perfectly prepared to withdraw it.

Senator Murray: And that he withdraw any suggestion that any senator was in breach of rule 66(4).

Senator Frith: No, that is too complicated.

Senator Murray: Why?

Senator Frith: Because you are into interpretations.

Senator Murray: I rest my case.

Senator Frith: From what you said first, that he was implying pecuniary gain as a motivation, I think he would be glad to withdraw. I may be wrong.

Hon. Edward M. Lawson: Honourable senators, I have been following with interest the debate. I see Senator Murray is leaving.

Senator Murray: I have to.

Senator Lawson: I understand that. He talks about applying the reasonable man rule. His Honour made a casual reference to applying a little common sense. I am just a simple layman, but in following this discussion it may very well be that Senator Gigantès, upon reflection overnight, having heard what the government leader and the others have said — how they are offended and feel their privileges have been breached — may come back at the next sitting of the Senate and say, "I have considered the other side and I am not prepared to withdraw a single word of what I said." At that juncture it would seem to me, if there is a *prima facie* case, the matter could be referred to the Speaker and to committee for a decision. If there is found to be a breach of privilege, penalties could be imposed.

Again, let us apply a little common sense and the reasonable man rule. It may very well be, upon reflection during the adjournment in consultation with other members, perhaps on both sides, that the honourable senator will rise in his seat and say, "I am now prepared to give Senator Lynch-Staunton what he seeks, an unconditional, unequivocal withdrawal." Surely that would be the end of the matter. It seems that the course the government leader is demanding and insisting upon would preclude the possibility of that happening. Where is this reasonable man? Where is this small dose of common sense?

• (1610)

Senator MacDonald: Honourable senators, one or more of 38 senators on this side have been accused by Senator Gigantès of being in violation of section 16(1)(*a*) of the Parliament of Canada Act. I ask him either to prove that or to withdraw.

Senator Molgat: Honourable senators, I am not rising on the broad case; I am rising on what is specifically before us at the moment, which is the more narrow case of Senator Gigantès' request for an adjournment. That matter has to be dealt with before we deal with the other.

Senator Doody: We can deal with that with a vote.

Senator Molgat: If honourable senators opposite want a vote on whether or not there will be an adjournment, I suppose that is possible.

Your Honour had indicated that you had difficulty in determining whether or not this was adjournable. I sympathize with you. I have read *Beauchesne's* carefully to see whether or not it is adjournable and I find no clear indication one way or the other.

There is no question that on frequent occasions we adjourn consideration of reports of committees. Your Honour has been asked by Senator Frith to —

Senator Doody: We do adjourn the motion of acceptance of committee reports.

Senator Molgat: No, sometimes we adjourn the consideration of a report.

Senator Doody: It is a motion to accept a report.

Senator Molgat: No, sometimes a report is tabled and then there is discussion.

First, the matter as to whether or not it is adjournable should be cleared up. In my own view it certainly would be wise, under circumstances such as these, to have it adjournable, because many statements have been made back and forth and an individual has been accused. Let us not take this particular case, but rather the general case in which any one of us could be accused of a breach of privilege. The matter is such that we should reflect on it and read exactly what has been said. We may even need legal counsel. We do not need to make an immediate statement. For those reasons, therefore, an adjournment may be wise.

Senator Doody: The Speaker has already ruled.

Senator Molgat: The Speaker has not already ruled. It is not my understanding that the Speaker ruled that it is not adjournable. He said that it was a very difficult, tricky proposition, and that going back in his long memory of acting in the position of Speaker *pro tempore,* he was not sure whether or not it was adjournable. That is what I seek to find out: Is it or is it not adjournable?

Whether or not the rules state that it is adjournable, it is within the Speaker's right to decide that he will accept an adjournment. Rule 18(3) states:

> When the Speaker has been asked to decide any question...he or she shall determine when sufficient argument has been adduced to decide the matter...

Having the responsibility of deciding when he has heard enough, it is within his prerogative —

Senator Barootes: On which issue, sir?

Senator Molgat: — to decide a question of privilege or a point of order.

Senator Barootes: Not on the adjournment issue?

Senator Molgat: Yes.

Senator Barootes: Which one?

Senator Molgat: Just a minute.

Senator Barootes: You are arguing adjournment. It is a diversionary tactic.

Senator Molgat: Keep your cool, Senator Barootes.

Senator Barootes: I am cool; cool as a cucumber.

Senator Molgat: It is up to the Speaker, according to these rules, to decide when he has heard enough to determine whether or not there is a *prima facie* case. That is the rule that you wrote in the book. We did not. It is up to the Speaker to make that decision when he has heard enough.

I submit that it is within his authority to decide that he wants the matter adjourned or accepts an adjournment so that he can hear some more, if he is not satisfied at this point that he has heard enough. Whether or not the rules state that one can or cannot, the Speaker can make that decision on his own.

The ruling asked for by Senator Frith was whether this was adjournable or not adjournable.

Senator Gigantès: Honourable senators, may I be indulged for three minutes? I do not want to miss what any senator states, but I have to leave the chamber. Excuse me.

Senator Lynch-Staunton: Are we going to open the brown envelope?

The Hon. the Speaker *pro tempore*: Shall the Senate recess or suspend for a few minutes?

Senator Murray: I would like to make some comments, although not on the procedural point of the adjournment; the difficulty with a so-called adjournment on a matter of this kind is that the accusations that the Honourable Senator Gigantès made last night and repeated today will be allowed to stand on the record without the Senate's having done anything, not even having left the matter to the adjudication of the Speaker as to whether there was a *prima facie* case of privilege.

Honourable senators opposite must realize — they do realize — that accusations of this manner are, to put it mildly, extremely hurtful. They are extremely hurtful. I do not know how many senators have had the experience that I had at 2 o'clock today when entering the chamber. I was stopped by someone from Broadcast News, which I believe is the electronic arm of Canadian Press, who requested my comments on Senator Gigantès' statement of last night. I was able to say that we have a question of privilege and we will deal with it in the Senate today. We will raise it as a question of privilege and it is a matter for the Senate to deal with.

Senator Frith: You can say that tomorrow just as well, that it is still under consideration.

Senator Murray: We can say it tomorrow and Monday, yes. I do not simply want to adjourn the matter without having had an explanation from Senator Gigantès of the charges he made. He will either support them and document them — name names — or withdraw them. Or he will rise and state that he is perfectly prepared to appear before the Senate committee and testify as to the *bona fides* of the charges.

Senator Frith: Should he not have time to consider whether he wants to do that?

Senator Lynch-Staunton: You mean he does not know what he said? Where is that envelope with those three names inside?

Senator Frith: You mean that he should not have a chance to consider the alternatives that you are suggesting?

Senator Murray: He has considered them overnight.

Senator Frith: That is enough? All you want to give him is overnight?

Senator Murray: Do I have to put it on the record again?

Senator Frith: You have the majority. If you only want to give him that amount of time, that is all he will get. The amount of time he is going to get is what you are going to give him, because you have the majority.

Senator Murray: We had no time. We will wait to hear what he has to say. Perhaps he is coming in to name some names.

The Hon. the Speaker *pro tempore*: Honourable senators, I am not sure whether the request of Senator Gigantès was that we wait a few minutes until he returned because he wished to hear what was said. If the Senate concurs with that request then we should wait for a few minutes until he returns. That is a matter for the Senate to decide.

Is it agreed, honourable senators, that the Senate wait until Senator Gigantès returns before pursuing this consideration?

Hon. Senators: Agreed.

Senator Murray: I assume he is coming in to name names.

[*Translation*]

• (1620)

Hon. Normand Grimard: Honourable senators, in response to what was argued by Senator Molgat—

The Hon. the Speaker *pro tempore*: Senator Grimard, I think the Senate has agreed to wait until Senator Gigantès returns before continuing this debate. He said he would be away for about three minutes, although I am not sure how long those three minutes will be.

Senator Grimard: Honourable senators, Senator Molgat raised the matter of adjournment. I want to explain why no adjournment should be allowed at this time. According to our rules, there are two matters that cannot be adjourned without good reason. I am referring to questions of privilege and matters of urgent and pressing nature. Privilege and urgent matters are governed by special rules which explain the procedure to be followed.

Senator Frith explained earlier that the Deputy Leader of the Government had been procedurally correct. In other words, he gave the Clerk notice three hours before the sitting started this afternoon. That is exactly according to the rules. The Clerk of the Senate said it was 10:55 a.m. when he received the notice.

During statements by senators, Senator Lynch-Staunton rose and he acted strictly in accordance with our rules.

At this stage I think it would be against the spirit of our rules here in the Senate if we were to agree to an adjournment.

Honourable senators, all the rules are very strict about the question of privilege. At this stage, before you make a decision under rule 44(12), we could adjourn an urgent matter, something that has to be done within a certain time, until the next sitting, which means about two weeks from now. As far as questions of privilege are concerned, I think the rules are quite strict, and until such time as you have handed down a decision under rule 44.(12), there can be no question of adjournment, as I see it.

Just now, Senator Gigantès invoked rule 45(6) to request an adjournment, but if we read rule 45(6), we also have to read 45(1) which says:

> 45.(1) When a *prima facie* case of privilege has been established, the Senator who raised the matter may move a motion calling upon the Senate either to take action on the matter or to refer the matter to the Standing Committee on Privileges, Standing Rules and Orders for investigation and report.

According to rule 45(6), during a debate moved on a motion in accordance with the provisions of Section (1), a motion to adjourn may be received. However, the motion to adjourn may be received only if the Speaker has determined whether there is a *prima facie* case of privilege. Once it has been determined whether or not there is a *prima facie* case of privilege, then, if so requested pursuant to rule 45(6), the debate is adjournable.

In my opinion, our rules do not allow the debate to be adjourned at this stage, not until you have decided whether or not there is a *prima facie* case of privilege, and then only pursuant to rule 45 and the other paragraphs it contains.

Senator Gigantès: Honourable senators, I have been listening to what was said by Senator Grimard and the other senators. The fact is that for the Speaker to make a decision, I think he will have to wait and see whether I consider there is a question of privilege and what I intend to do, and whether I have considered the various withdrawal options that were discussed. I would like to have some time to do that.

Senator Murray: Where does that leave us regarding the accusations you made last night?

[*English*]

Senator Lynch-Staunton: What we have heard, then, is Senator Gigantès saying, "Give me time to decide whether I should or should not retract. Meanwhile, you guys, you 38, the journalists will pick up this debate, and they'll run it across the country, and the country will know that there are at least 38 senators who Senator Gigantès says may or may not be in breach of trust. Maybe someday I may come back and decide to retract, more or less."

I think that is completely unacceptable. It is in absolute contempt of this institution. I ask Your Honour, if you have heard enough, that you decide now whether you feel there is *prima facie* evidence to support a breach of privilege. If you feel you need time to consider, which of course you may, we will certainly abide by it.

Hon. Allan J. MacEachen: Honourable senators, I ask the Leader of the Government if he has looked ahead and considered what the outcome would be at this stage. If indeed there were a *prime facie* case of privilege, and if presumably the deputy leader is going to make a motion, what is the result of that process? It may continue for days and weeks. It may involve a committee examination. How can the committee ascertain the facts, and indeed ascertain what facts must be ascertained?

Is that a desirable experience for anybody in the Senate? That is one alternative which is bound to come if that procedure is followed. As I understand the system, if a Speaker finds a *prima facie* case, a motion is then put to whatever the chamber is involved. At that time, the chamber decides whether to set up a committee or to send the matter to a standing committee to ascertain the facts. What kind of inquiry will that be? Is it something we want to look forward to, or is it something that will have a very prolonged and undesirable outcome?

The alternative at this point, as I see it, is to reflect a bit, and to give Senator Gigantès a chance to also reflect and determine what position he ought to take.

• (1630)

I do not know the facts. However, he is obviously asking for time to reconsider what he has said, otherwise what would be the point? Is that a better alternative than the one that would involve a motion and a committee inquiry?

I will not comment on whether this matter can be adjourned or not, or what the Speaker ought to do. All I am suggesting is that it might be to the benefit of all concerned, particularly

those who are concerned that their reputations may be affected in some way, to give it a little time. Perhaps the matter would be expunged more quickly and more definitively in that way than through a long procedure resulting from a motion and a committee inquiry. It is at least worth considering. I am not pushing it. I am putting it forward as a possibility that it may, in the long run, be the quickest and shortest remedy.

Senator Lynch-Staunton: Senator MacEachen is quite right in suggesting that if we go into a long procedure of an inquiry or investigation by a committee, it will be most unpleasant and, whatever the outcome, most distressing. We did not initiate the proceeding in which we are in today. Senator Gigantès made some allegations last night. He had all night to reflect on them. He received this morning a copy of a notice of motion stating that the matter would be raised. He came in and, under Senators' Statements, not only repeated what he had said last night, he also said:

> An investigative reporter called me and gave me a few names of people he alleges have a private interest in the passage of Bill C-91.

He must believe this is accurate if he comes in front of this house and tells us that he has names, obviously of senators on this side, who someone believes — and he supports by mentioning it — are in breach of the Parliament of Canada Act, of our own rules, and are a bunch of thieves.

Senator MacEachen is quite right; but we did not initiate this debate. It was started by calumny, libel and slander and it must be repaired or at least aired. If he is right, so be it. If he is wrong, let him take his responsibilities. Let us get on with it.

The Hon. the Speaker *pro tempore*: If there are no further senators who wish to speak on this matter, then I inform honourable senators —

Senator Gigantès: Honourable senators, I do not now and did not intend last evening or this afternoon to allege that any senator voted last night for reasons of personal pecuniary gain.

Senator Murray: Or was in violation of rule 66(4).

Senator Gigantès: I said what I just said without equivocation or reservation.

Senator Lynch-Staunton: The question is, senator, that you said some of us were in violation of rule 66(4). Are you telling us now, or can you tell us, that we were not in violation of rule 66(4)?

Senator Frith: Did he not say that? That is why I drafted it that way; because that is what I thought you wanted said. That is the allegation people are worried about.

The Hon. the Speaker *pro tempore*: The matter has now been dispensed with.

Some Hon. Senators: No!

Senator Lynch-Staunton: We ask for a ruling, Sir.

The Hon. the Speaker *pro tempore*: It is not always possible to hear every word that every honourable senator has said. I do not want to postpone unduly the proceedings, to get the "blues" and to read them. If I have to, then obviously I have to. What I understood was that Senator Gigantès has made the retraction.

Some Hon. Senators: No!

Senator Murray: We will let Your Honour be the judge of that. Your Honour may want to read the exchange. Your Honour has heard us. Your Honour has the statements that Senator Gigantès made last night and again today. Your Honour has heard what Senator Gigantès just said a few minutes ago. On this side, we will be happy to leave the matter in your hands.

If Your Honour feels that the statement the honourable senator just made renders our question of privilege moot, then we will accept that.

The Hon. the Speaker *pro tempore*: I want to see specifically the statement rather than to rely on my memory of it. Perhaps the Chair could have the latitude of a few minutes.

Hon. Senators: Agreed.

HEALTH AND WELFARE

ATTENTION DEFICIT HYPERACTIVITY DISORDER

Hon. Mabel M. DeWare rose pursuant to notice of Thursday, December 3, 1991:

> That she will call the attention of the Senate to a concern among our parents, educators, medical profession and psychologists of a disability among a large percentage of our young people called ADHD (Attention Deficit Hyperactivity Disorder).

She said: Honourable senators, I should like to take this opportunity to bring to your attention the important work of a community of concerned citizens, the New Brunswick Attention Deficit Hyperactivity Disorder Association, a group of lay and professional volunteers who have undertaken to sensitize the local community and the province to a little-understood problem which has affected the lives of tens of thousands of Canadian children.

Attention deficit hyperactivity disorder is a physiological disorder based in the brain, characterized by an inappropriate level of inattention/distractibility, impulsive behaviour and, in some cases, a high and inappropriate level of purposeless

activity, referred to as hyperactivity. In other words, this disorder manifests itself physically, behaviourally and emotionally.

ADHD exhibits no discrimination and is found in all types of families, in all races and countries. Approximately 3 to 6 per cent of all children are affected by this disorder. They make up 30 to 40 per cent of all referrals to child psychologists, psychiatrists and mental health clinics.

To help honourable senators better understand the characteristics of ADHD, I will summarize briefly the three core symptoms which are typically associated with this disorder.

First, there is inattention and distractibility. Children with ADHD are unable to pay attention and sustain concentration for even short periods of time. They are easily distracted and unable to remain focused. They are very poor listeners and tend to daydream or become preoccupied to the point where it affects their learning.

• (1640)

These children cannot say no to impulses, and they act or speak quickly without thinking of the repercussions of their actions. They are disorganized, poor planners and move from one task to another without completing either. Regarding activity levels, they may range from extremely lethargic to hyperactive.

Every aspect of such a child's life is affected by this defect. Their intelligence level is not affected, but their learning and their social interaction are impaired considerably and their self-esteem is battered due to the impact of these symptoms. For these children, school is particularly torturous, full of disappointments and failures because it is within this environment that they must attend and concentrate most.

Home life is also difficult, as frustrated parents try to come to accept the fact that their child will not respond to the discipline that works well for other children. Friendships with schoolmates are made difficult by the fact that they are perceived as different. The result is most often social isolation.

Research is still being done with respect to the causes of ADHD; to date the consensus among experts is that there is a chemical imbalance of neurotransmitters in parts of the brain responsible for attention and alertness. This chemical imbalance may be brought about by a number of different factors: heredity; an infection or trauma before, during or after birth; exposure to environmental toxins such as lead, formaldehyde, and certain chemicals used in pesticides; malnutrition, and ingestion of alcohol and/or drugs by the mother during pregnancy.

To date there is no cure for this disorder. As a rule, children with ADHD will suffer the worst effects during the most formative years of their lives, from ages 5 to 18. In order to help these children cope with ADHD, a multi-module treatment program must be implemented. In the past 20 years, a number of medications have been found to diminish the severity of some of the systems. Medication in conjunction with educational, psychological, and environmental interventions early in their lives has effectively helped these children grow to be happy, well-adjusted productive adults.

However, important barriers stand in the way of providing services to the children and families that need them. One important obstacle is the sheer number of those affected. In many Canadian mental health facilities for children, 25 to 33 per cent of all clinical time is given to children with a diagnosis of ADHD. School psychologists and counsellors give an even greater percentage of their time to these children. Yet, despite this huge investment, a recent Canadian study suggests that only 20 per cent of the children seriously affected by ADHD are served by mental health services and only a third are ever seen by school psychologists or counsellors.

In summary, the present resources are still not sufficient to meet the needs of ADHD children in Canada; consequently, many of these children are slipping through the cracks. Another important obstacle is the lack of information about the disorder and the various treatments available. Even though ADHD has been intensively studied for over 30 years, schools and universities have been slow to incorporate this knowledge in their curriculum. As a result, many professionals working with children have received only a cursory introduction to this area. Treatment approaches are also not well known, in part because some of the most effective methods have only been developed in the last five years. Furthermore, the guidelines for diagnosing ADHD are frequently being revised; this has led to some confusion among professionals. The net result is that, all too often, an ADHD child goes undetected, untreated, or is erroneously labelled as a slow learner, a troublemaker or a victim of poor parenting.

If we are to fully understand what the disorder means to our greater society, we must also examine the short- and long-term impacts on the lives of those affected. A number of recent studies show clearly that the accumulated frustration and pain experienced by these children causes up to 50 per cent of them to develop seriously disruptive behaviours at school. One quarter to one third of those affected will drift toward illegal activities and gain a criminal record by the age of 18. Some studies suggest that the ADHD adolescents are up to six times more likely to become involved with the law than non-ADHD children. Their offences also tend to be more severe than those of non-ADHD adolescents. As a result, they are twice as likely as others to become institutionalized.

By the time the sufferers reach adulthood, 70 to 80 per cent are significantly affected by their difficult childhood. One in four develops an anti-social personality disorder, the diagnosis of which can connote unstable and abusive spousal and family relationships, a pattern of illegal activity and an inability to find and keep gainful employment. Those affected by ADHD

are both less likely to complete high school and more likely to need psychiatric services.

If unidentified and untreated, research reveals, ADHD children are at a much greater risk for school failure, school drop-out, juvenile delinquency, drug abuse, depression, sexual abuse and suicide. The result is clearly reflected in the tragic human costs associated with ineffective education, delinquency and underemployment. The losses to us are counted not only in the cost of providing welfare services and treatment but in wasted human potential.

Many parent associations have begun to form. Parents and professionals have become keenly aware of the severity of the challenges facing these children and are dedicated to improving the lives and future prospects of those all-too-often misunderstood members of society. CHADD, which stands for Children with Attention Deficit Disorder, is a national parent group in the United States which is becoming internationally dedicated to the education and support of all those involved with ADHD children.

Canada has begun to follow suit, and support groups are forming across our country. The New Brunswick association originated in the greater Moncton area in 1991. It has grown rapidly and has expanded to form chapters across the province. Over the past two years, this association has increased community and provincial awareness by sponsoring educational training sessions for parents, teachers and health professionals.

Recognizing a need for information on this subject from my involvement in the education field, as well as work on the Young Offenders Act, I undertook to use some research funds to hire a psychology student from the University of Moncton. This student researched and gathered information to prepare two manuals on ADD and ADHD, one manual to assist and educate parents, and the other to assist and educate teachers. With the assistance of parents, teachers, psychologists, physiotherapists, and medical practitioners, the manuals have been completed and are ready to be printed and distributed.

It is incumbent upon our government to work in partnership with these associations so that they can fulfil their mandate of educating and supporting, promoting research, distributing information and training materials to educational institutions and mental health associations encouraging improvement of diagnostic procedures and treatment plans, and encouraging and sponsoring training programs for parents, educators, and health professionals involved with ADHD children.

The picture I have painted is bleak; I have done that to communicate to you a sad, tragic, often hidden, social reality. I argue that it is a reality which we as politicians must begin to take into consideration when juggling the limited resources the government possesses to better our social environment. Early intervention and early treatment is the key to alleviating the severity of the symptoms of ADHD. The future social costs to these individuals, if unidentified and untreated, is too great to ignore.

To conclude, I would like to read to you an excerpt from a book by Edna Copeland, Ph.D. in child psychology and expert in the field of ADHD:

> Despite the fact that we are human, we have neither the luxury nor the privilege of responding inappropriately and hurtfully to our young charges. They are defenceless in the face of our authority and, even when they fight back, they ultimately lose. We must begin a conscious, individual effort and a collective campaign to turn our homes and classrooms into sunny, happy learning centres and our roles as teachers, parents and professionals into that of facilitators and allies. To do so however, we must first understand the problem.

Statistics show that 3 to 6 per cent of all Canadian children are affected by this disorder, and therefore I feel it is incumbent upon us to make the proper information available so that all children can benefit and take their place in their community as educated, well-adjusted, employable citizens.

The Hon. the Acting Speaker: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

ROYAL ASSENT

NOTICE

The Hon. the Acting Speaker informed the Senate that the following communication had been received:

RIDEAU HALL

February 4, 1993

Mr. Speaker,

I have the honour to inform you that the Honourable John Sopinka, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 4th day of February 1993, at 5:30 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

Judith A. LaRocque
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

VETERANS AFFAIRS

THE VALOUR AND THE HORROR

Hon. Jack Marshall, pursuant to notice of February 3, 1993, moved:

> That, within 60 days of the adoption of this motion, the Leader of the Government shall provide the Senate with the response of the Government to the Report of the Standing Senate Committee on Social Affairs, Science and Technology entitled *The Valour and the Horror* tabled in the Senate January 25, 1993.

The Hon. the Acting Speaking: Is it your pleasure, honourable senators, to adopt the motion.

Some Hon. Senators: Agreed.

Motion agreed to.

ADJOURNMENT

Leave having been given to revert to Government Notices of Motions.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*h*), I move:

> **THAT** when the Senate adjourns today, it do stand adjourned until Tuesday, 23rd February, 1993, at two o'clock in the afternoon.

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

Some Hon. Senators: Agreed.

Motion agreed to.

BUSINESS OF THE SENATE

The Hon. the Acting Speaker: We will suspend the sitting until 5:25 p.m. at which time Royal Assent will be given.

Hon. John Lynch-Staunton (Deputy Leader of the Government: Are we not awaiting the return of Senator Ottenheimer with a ruling, or should we do that after Royal Assent?

Senator Molgat: Is he ready?

Hon. Gerald R. Ottenheimer: I think it would be better to wait until after Royal Assent, if then.

Senator Lynch-Staunton: So we will adjourn until 5:25 p.m.

The Senate adjourned during pleasure.

• (1700)

ROYAL ASSENT

The Honourable John Sopinka, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable Deputy Governor General was pleased to give Royal Assent to the following bills:

> An Act to dissolve or terminate certain corporations and other bodies (*Bill C-63, Chapter 1, 1993*)
>
> An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters (*Bill C-91, Chapter 2, 1993*)

The House of Commons withdrew.

The Honourable the Deputy of his Excellency the Governor General was pleased to retire.

• (1710)

The sitting of the Senate was resumed.

QUESTION OF PRIVILEGE

REMARKS OF SENATOR GIGANTÈS — SPEAKER'S RULING

The Hon. the Speaker *pro tempore*: Honourable senators, the matter under consideration this afternoon was one of extreme importance. That fact was recognized by all honourable senators who spoke on this matter. I thank honourable senators on both sides for their participation and contribution in that consideration.

I indicated previously that, because of the intrinsic importance of the matter and its complexity, I was prepared to reserve judgment after I had heard what I considered sufficient discussion. The Chair did not indicate at any time during those proceedings that it had heard sufficient discussion, but latterly there was a statement made by the Honourable Senator Gigantès. I shall read that statement. It states:

> Honourable senators, I do not now, and did not intend last evening or this afternoon, to allege that any senator voted last night for reasons of personal pecuniary gain. I said what I just said without equivocation or reservation.

In my opinion, that statement of the Honourable Senator Gigantès is an unequivocal withdrawal of the statements and allegations to which honourable senators took offence.

It is my understanding that the Chair only makes a decision, not in a hypothetical case, but when it is required. Therefore, in my opinion it is not necessary and it would be hypothetical and improper to make any consideration with respect to the hypothetical situation of *prima facie* or not.

I consider the withdrawal an unequivocal one and the matter concluded.

The Senate adjourned until Tuesday, February 23, 1993, at 2 p.m.

THE SENATE

Tuesday, February 23, 1993

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

Prayers.

THE HONOURABLE NATHAN NURGITZ, Q.C., LL.B.

TRIBUTES ON RESIGNATION FROM THE SENATE AND APPOINTMENT TO MANITOBA COURT OF QUEEN'S BENCH

Hon. Lowell Murray (Leader of the Government): Honourable senators, I rise for the purpose of recording with considerable regret, both personal and official, the resignation from the Senate on February 9 of the Honourable Senator Nathan Nurgitz, Manitoba, and to note with great pleasure and satisfaction his subsequent appointment as judge to the Court of Queen's Bench of Manitoba.

Senator Nurgitz was appointed to this place in November, 1979 by Prime Minister Clark. He has served in this house with great distinction, earning the respect of all honourable senators, and certainly the affection and warm regard of his colleagues on this side. He served laterally as Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, a committee that is very active with respect to legislation, and which sometimes has quite delicate and difficult tasks to perform. As chairman of that committee, again he served with great distinction and earned the gratitude of all of his colleagues.

Those of us who have known him rather longer in the affairs of the Conservative Party, and some who have known him in the practice of law, will join me in thanking him for his very considerable service to the Parliament of Canada and in wishing him well as he takes up his new post as a judge of the Court of Queen's Bench of Manitoba. While we are sorry to lose him, we are not surprised that he should have sought or desired a position of this kind, a judicial position. He has practised law for many years and he is a man of the law, not just of its letter but of its spirit, and has always had a great dedication to the law and to our legal institutions.

I may say, by the way, that, upon researching this matter, I found that Senator Nurgitz is the tenth senator since Confederation to have left this chamber and, subsequently, to have received a judicial appointment. I place that bit of information on the record just to show that I have been researching these matters.

Senator Frith: Not as an encouragement to others.

Senator Murray: Not necessarily as an encouragement to others, but to indicate that this place has been, then as now, a place of many talents and that there is nothing unusual or extraordinary in a parliamentarian moving on to a position in the Canadian judiciary.

Once again, on behalf of the government and my colleagues on this side, I express our warm appreciation to Senator Nurgitz for his contribution to the Parliament of Canada. I wish to tell him that it has indeed been a pleasure working with him, and I assure him of our continuing respect, regard and best wishes as he takes up his career in the judiciary.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, as the Leader of the Government has said, Senator Nurgitz was summoned to the Senate on November 3, 1979. He entered the chamber in what I know he considered to be good company. On that day, the Senate was also honoured with the introductions of Cy Sherwood, Heath Macquarrie and William Doody.

Senator Nurgitz was a member of the Legal and Constitutional Affairs committee for most of the time he was here. He chaired the committee for seven years and was certainly closely identified with that committee in our minds and, I am sure, in the minds of that part of the public interested in the work of the Senate.

When he spoke to Nancy Wood, of *Maclean's*, about Senate reform and the effect of the "no" vote in the referendum, he acknowledged that the result of the vote did not represent an enthusiastic endorsement of the present appointed Senate. He said, "People want change. I am not so foolish as to think that they voted for the status quo."

He apparently did not vote for the status quo — not his own status quo. As to Senate reform, who knows? As to senator reform, his own, he took that into his own hands and has looked after his own reform by returning to his professional roots.

Nathan Nurgitz began his career as a lawyer; he was a bencher of the Law Society of Manitoba until his appointment to the Senate, and he has remained a partner in the Winnipeg law firm of Thompson, Dorfman and Sweatman throughout his time in the Senate. He was also active in the community. He was vice-president and director of the Red River Expedition Association. Among his many other activities, he was director of the Winnipeg Jewish Child and Family Services, Winnipeg Folk Festival, the Rainbow Stage, Inc., and the Winnipeg Squash and Racquet Club.

I should like to register, briefly, a personal obligation I have had to him during his time in the Senate: I refer to the assistance that he has always given me in polishing my Yiddish and substantially increasing my vocabulary in that language.

As to his new career, I believe that the combination of good judgment — and the only vice or exception I know of regarding his judgment is his choice of political affiliation; however, perhaps we can consider that purged by this move — the combination of good judgment and good sense will make him a good judge.

Hon. Mira Spivak: Honourable senators, may I offer a few brief words from what remains of the Manitoba contingent on this side? I have probably known Nathan Nurgitz longer than any member of this chamber. He and I were lucky enough to have spent our formative years in Winnipeg's legendary North End, when he was a cool dude in a boy's club called the Trojans and people were scratching their heads at his exploits. Believe me, the North Enders are scratching their heads at this point in time because one of their own *nashaludi* has succeeded.

Senator Nathan Nurgitz, it struck me, although a loyal and unswerving supporter of his party and his government, having served in the trenches of political campaigns and laboured long and hard in political service, still kept a benign, amused and somewhat detached eye on the proceedings of this place, at least in private conversation. Blessed with a sunny disposition, a keen insight into the wellsprings of human motivation and a decided preference for consensus over confrontation, he exercised particular influence and inspired trust, a rare commodity.

My memory goes back to the committee on Legal and Constitutional Affairs and certain pieces of legislation that arrived there — for instance, the two immigration bills which, despite the perfection that emanates from the other place, we knew were a little flawed. With great skill, patience, and masterful wheeling and dealing, Nate managed, with the help of his friends, to ameliorate that legislation without making anyone mad — not a bad feat.

Part of his legacy in this house is wisdom, tact, persuasion rather than coercion, humour, kindness, and fun. As Nate leaves his honourable friends here to join his learned friends on the bench, he carries with him the qualities to judge wisely and well. As he often remarked, he was here for a long time and a good time, and I mean good in the best sense of that word. I wish him the same on the bench.

Hon. Senators: Hear, hear.

Hon. Peter Bosa: Honourable senators, I, too, should like to say a few words in tribute to Senator Nurgitz.

As honourable senators know, he was summoned to the Senate in 1979 and devoted a large part of his Senate career to the work of the Standing Senate Committee on Legal and Constitutional Affairs. Under his leadership and guidance, this committee conducted a number of investigative studies and certainly demonstrated to the public the kind of in-depth examination that can be accomplished by a knowledgeable and conscientious group of legislators. I spent some time as a member of the committee and am proud to be associated with the work of Nathan Nurgitz. May he bring his wise counsel and good judgment to his new work.

I would like also to refer to his contributions as a leader of the Canadian group of the Inter-Parliamentary Union. In 1988, he was elected chairman of that group and served in that capacity for three years, heading delegations to five statutory conferences and one special Conference on Security and Cooperation in Europe. Having been involved in IPU matters for a number of years, I feel well qualified to speak on the excellent relationship he had with the members of the Canadian delegation. It is not an easy task to achieve consensus among eight members from two houses and three political parties, but Nathan Nurgitz had a tactful way of conducting meetings. He knew how to listen to the various points of view, and bring them all together in a way satisfactory to all participants. The meetings were always productive and pleasant.

I would like also to mention the high regard in which he was held by parliamentarians from other countries. During his attendance at IPU conferences he could be counted on to participate actively in drafting committees, working groups and other bodies. He represented Canada well at these meetings, bringing a keen sense of honesty, fair play and pragmatism to the deliberations. As someone with extensive knowledge and experience in IPU matters, he spoke out about ways of making the organization more meaningful, especially in reaching out to newly emerging democracies.

During the past year, he served on a special working group that studied possible reforms of the union and new areas of activity, including a special interest of his, election monitoring. The work of Nathan Nurgitz on behalf of the IPU was admired and valued by his international parliamentary colleagues.

In closing, I wish to emphasize the significant contribution our colleague has made in fostering contacts and the exchange of experiences among parliamentarians from all countries. He was an excellent Canadian representative to this world body and worked hard to ensure that Canada's position was well articulated. It has been a privilege to work with him.

He also had a great sense of humour. I never forgot a joke he shared with us at one of the conferences. It was about a diplomat who, while highly inebriated, saw a figure dressed in red. It appeared to him that that was a lady. He went over to this alleged lady and asked her for a dance. The lady answered by saying, "First, I am not a lady; I am the Bishop of Buenos Aires. Second, this is not a dance, it is the national anthem of Argentina. Third, I don't know how to dance."

With that, I should like to extend my best wishes to Senator Nurgitz in his new position.

Hon. Senators: Hear, hear.

SENATORS' STATEMENTS

TELEFILM CANADA

PROPOSED FILM ON OCTOBER CRISIS

Hon. Philippe Deane Gigantès: Honourable senators, my statement is not about Senator Nurgitz but about another matter which I consider extremely serious. It is non-partisan and is of concern to us all. Whatever our political party, we would be failing in our duty as parliamentarians if we did not speak out about Telefilm Canada's plan to grant public funds for the production of a film entitled *October.*

This film, which would cost $2.6 million in taxpayers' money, describes the assassination of the Quebec minister Pierre Laporte by the FLQ in 1970. I have the scenario of the film. It is based entirely and solely on the say-so of the four assassins — inevitably, since they were the only witnesses other than Laporte, whom they killed.

The scenario presents the killers as sweet guys who play with maladapted children, who weep with emotion when they read Chateaubriand, and who are so sensitive they cannot even kill a dog.

But Laporte is presented as a corrupt politician, bought by the Mafia, who deserved to be killed. I quote:

> He's a bandit, Laporte, a thief. And everybody knows it. One less of those would disturb nobody.

Laporte was a federalist. The PQ was in power from 1976 to 1985. Had there been the slightest shred of evidence that Laporte had been bought by the Mafia, that evidence would have surfaced.

The scenario has Laporte say odious things about Bourassa. I quote:

[*Translation*]

> The scum. The fucker. He couldn't even stand straight, the slimy little bastard, the stinking rat ...

[*English*]

Naturally, these words are attributed to Laporte by his killers, and he is no longer alive to deny them.

This is not a partisan question. It is not even a question of federalists versus sovereignists. René Lévesque had condemned the assassination of Pierre Laporte. Recently, Mr. Parizeau refused to attend a party in their honour. He, too, has always condemned the assassination of Laporte. The whole of Canada's political world and, I am sure, the quasi-totality of Quebeckers, a civilized and democratic people, agree that, from the point of view of democratic ethics and morality, the assassination of Laporte was indefensible, illegal, and immoral.

On the other hand, the script writer and director of the film in question, Pierre Falardeau, says that what matters is that:

> ... each of us judge whether what they (the killers) did was naive.

That is from *La Presse,* page B1, February 22. Not legal or illegal, not moral or immoral: naive. To judge a murder, we must simply ask ourselves if it was naive, according to Mr. Falardeau. This attitude imbues his whole scenario.

It is not a question of censorship. If Mr. Falardeau wants to make his film with private funds, that is his business and his right. However, Telefilm does not have unlimited funds. Each year it refuses scenarios and accepts others. Telefilm has already paid $50,000 to Mr. Falardeau. It is too much already. The taxpayers' money must not be used to invert history by presenting the assassins of Laporte as the nice guys and their victim as someone who deserved to be killed.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, for 97 days now, the government has shown, according to the words of Senator Murray, political cowardice and contempt for the democratic process because of its failure to hold a general election.

TELEFILM CANADA

PROPOSED FILM ON OCTOBER CRISIS

Hon. Efstathios William Barootes: Honourable senators, I find myself in the peculiar position of agreeing with the principle that my friend the Honourable Senator Gigantès has just raised. I agree with him that public funds should not be used for the revision of history by someone who has a personal point of view to express. Some might even regard this as censorship. I do not. I only wish that the same sentiments that my friend the senator has expressed in respect of *October* had been expressed by the same senator in respect of the film *The Valour and the Horror.*

• (1420)

PRINCE EDWARD ISLAND

FELICITATIONS TO NEW PREMIER

Hon. Heath Macquarrie: Honourable senators, I was out of the country and, therefore, not able to join in the salutations to the new premier of Prince Edward Island put forward by my eloquent colleagues Senators Phillips and Bonnell. However, since I am the only person in this chamber who is an elector in Ms Callbeck's former constituency of Malpeque, I am compelled to express my congratulations.

Prince Edward Island has produced some splendid premiers. In my own time, the names of Walter Lea, Walter Jones, Walter Shaw, Alex Campbell, Angus MacLean and Jim Lee come to mind.

I know about the assiduous attention that Ms Gallbeck gave to her duties as the member for Malpeque. My beautiful birthplace and home, the village of Victoria, is but one of 79 polling divisions in that constituency. Last summer she was there six or seven times, making a great impression. That is not bad for a politician. I often wondered who, in the name of God, in my party could take on this assiduous politician with any chance of success. I even went so far as to think of trying to engineer the recall of Senator Phillips, who might drop his forceps, like Cincinnatus of Rome left the plough, and come back to save us. This indicates that I had no thought that even I could defeat Ms Callbeck in Malpeque.

Honourable senators, I no longer have that worry. It is up to my fellow Presbyterian, Senator Bonnell, and his fellow Liberals to find someone to replace Ms Callbeck as the Liberal candidate in Malpeque. My solicitude for my fellow Presbyterian indicates that in Prince Edward Island we all obey the biblical injunction, "Love ye one another".

TELEFILM CANADA

PROPOSED FILM ON OCTOBER CRISIS—DOCUMENT TABLED

Hon. Orville H. Phillips: Honourable senators, like Senator Barootes, I have the pleasure of being in agreement with the statement of Senator Gigantès. When the Subcommittee on Veterans Affairs of the Standing Senate Committee on Social Affairs, Science and Technology was questioning the cost and, indeed, the very filming and production of the documentary *The Valour and the Horror*, some senators on that side of the chamber were very critical of the subcommittee for interfering in the operation of organizations such as the National Film Board and Telefilm. I am glad to see that Senator Gigantès has now made us aware of the problem that exists.

I think of remarks made on another occasion by the Honourable Senator Roméo LeBlanc, who expressed concern that we were establishing too many Crown corporations which operated at arm's length from the government in that they wanted no supervision, only the provision of funds. I believe that with respect to the National Film Board and Telefilm Canada, we find this attitude coming very much to the fore.

While listening to the Honourable Senator Gigantès, I noticed that he referred several times to the script of the proposed documentary. I mentioned to him that I would ask him to table that document, and he has given it to me to table. The rules of this chamber provide that if a senator refers to a document, then it should be tabled. I would ask that this document be tabled.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

[Senator Macquarrie]

YUGOSLAVIA

HUMAN RIGHTS VIOLATIONS IN BOSNIA-HERZEGOVINA

Hon. Raymond J. Perrault: Honourable senators, a few days ago I attended a meeting in Vancouver regarding the unbelievable tragedy that is being enacted in the former state of Yugoslavia. The full extent of the horror is as yet unknown, but surely it is almost impossible to believe that, 50 years after the Nazi holocaust of the Second World War, we are witnessing once again acts of deliberate, cold-blooded genocide.

As honourable senators are aware, these gross, evil and despicable actions are taking place under the name of ethnic cleansing. Since Bosnia and Herzegovina were invaded in April of last year, this bloodbath has claimed over 200,000 lives in a population of just over 3 million. Well over 2.5 million people have been forced from their homes. The majority of such refugees are Muslims, and most of them are women and children. There is clear and incontrovertible evidence of mass rapes and other gross violations of human rights. We are told that evil acts have been perpetrated by all sides. If this is true, let us support to the fullest extent the establishment of the war crimes court to punish the wrongdoers to the ultimate extent.

Like some of you, I have been to Bosnia. I visited Sarajevo. What I found there was a tolerant and caring society. Indeed, Bosnia has a long history of religious tolerance. When the Jews were expelled from Spain in one of humankind's darker periods, thousands of them bypassed France, Great Britain and other countries and sought refuge in Bosnia because it was a tolerant society. The Bosnia that I know and have seen has Jewish synagogues, Orthodox and Roman Catholic churches and Muslim minarets almost side by side. Decent-thinking people, whether they be Bosnian, Serb, Croat or members of any other group in the Balkan ethnic community or elsewhere, can only deplore and condemn such outrages against human beings, whatever faith they may profess.

I will move a motion later today on this matter, but I want to conclude for now by quoting from the Protestant pastor Martin Niemoeller, who was an implacable enemy of Adolph Hitler. He said:

> In Germany they came first for the Communists, and I didn't speak up because I wasn't a Communist. Then they came for the Jews, and I didn't speak up because I wasn't a Jew. Then they came for the trade unionists, and I didn't speak up because I wasn't a trade unionist. Then they came for the Catholics, and I didn't speak up because I was a Protestant. Then they came for me, and by that time no one was left to speak up.

We in this Parliament of Canada must speak up, if we have any sense of morality at all, and make sure that the guilty are punished. Wherever human rights are being violated, we must oppose those violations.

ROUTINE PROCEEDINGS

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, as there are a couple of committees meeting tomorrow afternoon, I move, with leave of the Senate and not withstanding rule 59(1)(*h*):

> THAT when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, February 24, at 1:30 in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

CRIMINAL CODE

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-69, to amend the Criminal Code (air and maritime safety).

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, February 25, 1993.

[*Translation*]

TOBACCO SALES TO YOUNG PERSONS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-111, prohibiting the sales of tobacco products to persons under the age of 18.

Bill read first time.

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

On motion of Senator Doody, bill placed on the Orders of the Day for second reading on Thursday, February 25, 1993.

[*English*]

DIVORCE ACT FAMILY ORDERS AND AGREEMENTS ENFORCEMENT ASSISTANCE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-79, to amend the Divorce Act and the Family Orders and Agreements Enforcement Assistance Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, February 25, 1993.

[*Translation*]

BORROWING AUTHORITY BILL, 1992-93 (NO. 2)

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-98, to provide additional borrowing authority for the fiscal year beginning on April 1, 1992.

Bill read first time.

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Later this day, honourable senators.

[*English*]

Hon. Gildas Molgat (Deputy Leader of the Opposition): Honourable senators, the Deputy Leader of the Government has discussed this matter with me and, in turn, I have discussed it with the chairman of the committee. Honourable senators know that usually I do not like to give leave, and certainly not on bills where there is a possibility of people outside the Senate wanting to appear and, therefore, needing that time.

This, however, is a borrowing bill, and while I am sure that Canadians are very disturbed about it, under normal circumstances they would not be appearing at the committee stage. This bill is really, in a sense, in-house business. Therefore, with the agreement of the chairman of the committee, and in fact on his recommendation, I am prepared to give leave to proceed.

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

Hon. Senators: Agreed.

Motion agreed to and bill placed on Orders of the Day for second reading later this day.

[*Translation*]

COPYRIGHT ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-88, to amend the Copyright Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, February 25, 1993.

[*English*]

BUDGET IMPLEMENTATION (FISCAL MEASURES) BILL, 1992

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-76, to implement certain fiscal provisions of the budget tabled in Parliament on February 25, 1992.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, February 25, 1993.

[*Translation*]

FARM PRODUCTS MARKETING AGENCIES ACT

BILL TO AMEND—CONCURRENCE BY COMMONS IN SENATE AMENDMENTS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons returning Bill C–54, to amend the Farm Products Marketing Agencies Act and other Acts in consequence thereof, and informing the Senate that they have accepted without amendment the amendments made by the Senate to this bill.

[*English*]

BOSNIA-HERZEGOVINA

ROLE OF CANADA IN RESOLUTION OF CONFLICT—NOTICE OF INQUIRY

Hon. Raymond J. Perrault: Honourable senators, I give notice that on Thursday next, February 25, I will call the attention of the Senate to the tragic situation in Bosnia-Herzegovina and the role of Canada in the effort to resolve this conflict.

MEXICO

CURRENT POLITICAL SITUATION—NOTICE OF INQUIRY

Hon. Peter A. Stollery: Honourable senators, I give notice that I will call the attention of the Senate to the current political situation in Mexico.

GUATEMALA

CURRENT POLITICAL SITUATION—NOTICE OF INQUIRY

Hon. Peter A. Stollery: Honourable Senators, I give notice that I will call the attention of the Senate to the current political situation in Guatemala.

[*Translation*]

TRANSPORT

PROPOSED SALE OF RAIL LINES—LACK OF INTEGRATED NATIONAL TRANSPORT POLICY—NOTICE OF INQUIRY

Hon. Eymard G. Corbin: Honourable senators, I give notice that on Thursday, February 25, 1993, I will call the attention of the Senate to the repercussions of the sale or proposed sale of certain rail lines in Canada and the lack of a truly integrated national transportation policy.

[*English*]

CHILD POVERTY

PRESENTATION OF PETITION

Hon. Donald H. Oliver: Honourable senators, I have the honour to present a petition from the Upper Musquodoboit pastoral charge in relation to child poverty in Canada.

QUESTION PERIOD

COMMUNICATIONS

FUTURE OF CANADIAN MAGAZINE INDUSTRY—REQUEST FOR ANSWER

Hon. Keith Davey: Honourable senators, 20 days ago I asked the Leader of the Government in the Senate about the future of the Canadian magazine industry, specifically the attempt of Time Warner Inc. to launch a so-called Canadian version of *Sports Illustrated*. At that time, the government leader quoted Marie-Christine Dufour, senior communications advisor to the Minister of Communications, in saying that we should have an answer in two weeks. I am wondering what the cause of the delay is, particularly since the minister is quoted as saying recently that Time Warner Inc. and *Sports Illustrated* are violating the spirit of the federal magazine policy. Again, the minister said that the government would defend the policy vigorously. I am wondering, sir, why the delay?

Hon. Lowell Murray (Leader of the Government): Honourable senators, my information is that Revenue Canada is working with Time Canada Limited to ensure that it — that is, Time — is fully aware of the provisions of Tariff Code 9958, and to obtain all available facts and information in order to determine whether the planned publication falls within the tariff legislation. If the magazine is found to be in contravention of the law, customs will take the necessary steps to ensure that the legislation is respected.

The government recognizes the role of Canadian periodicals both as a means of cultural expression and as an important cultural industry. The government will continue to support the spirit and intent of existing legislation which is designed to encourage a strong, viable periodical industry.

Senator Davey: Would the Leader of the Government make the minister aware of the fact that both John Coleman, President of the Canadian Advertising Foundation, and the Institute of Canadian Advertising have urged the federal government to stop Time Warner Inc. from launching its planned Canadian version of *Sports Illustrated*? I accept your response but, again, I cannot imagine the reason for the delay. Given the fact that the minister wants this matter dealt with, I do not understand why we cannot just have it dealt with.

Hon. Lowell Murray (Leader of the Government): What we are talking about here, honourable senators, is the application of a law of the country to a specific case. I can only assume that those who are charged with the administration and enforcement of that law want to satisfy themselves that this particular case comes within the four corners envisaged by that law.

I shall inquire of Mr. Jelinek, the Minister of National Revenue, as to when we might expect a decision on this matter.

GENESIS MEDIA COMPANY—PURCHASE OF SPACE AND TIME FOR FEDERAL GOVERNMENT—REQUEST FOR FURTHER ANSWER

Hon. Peter A. Stollery: Honourable senators, I have a question for the Leader of the Government in the Senate. It concerns the *Minutes of the Proceedings of the Senate* for February 4, Question No. 80, which was an Order Paper question. I asked this question:

> How much media space and time was purchased on behalf of the federal government by the Genesis Media company during the months of September and October 1992?

By way of reply, I was told that the Canada 125 campaign was not purchased by the Genesis Media company on behalf of the federal government.

Honourable senators, I would like to know which media company handled the Canada 125 media campaign, and how the funding was managed.

UNITED NATIONS

WAR CRIMES TRIBUNAL—GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a question for the Leader of the Government in the Senate.

It has been reported in today's newspapers that the United Nations has made the decision to establish a war crimes tribunal to deal with crimes offending the laws of humanity. Since the government, through its principal spokesperson, the Secretary of State for External Affairs, appears to support this decision, could the Leader of the Government table in the Senate details of what it is that we are supporting? In other words, what is to be the jurisdiction of this tribunal; what will be its terms of reference; what form of judiciary is to be established; where will the proceedings of such a tribunal be held, and to what extent will it be extraterritorial and subject to the limitations of sovereign law in Canada?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will be happy to do that. In making that commitment, I should state for the record that Canada was the first country to advocate the creation of an ad-hoc tribunal to try war crimes alleged to have been committed in Yugoslavia, which we did at the Conference on Security and Cooperation in Europe last August.

AGRICULTURE

CANADIAN WHEAT BOARD—CRITICISM BY UNITED STATES FARM LEADERS—GOVERNMENT POSITION

Hon. H.A. Olson: Honourable senators, since the Senate last met, severe criticism has been voiced by certain farm leaders and senators in the United States about the activities of Canada as a trading partner, and in particular the activities

of the Canadian Wheat Board. Would the Leader of the Government in the Senate make inquiries of the Minister of Agriculture and the Minister of State (Grains and Oilseeds) as to what Canada is doing in response to these criticisms?

• (1450)

It appears to me that these farm leaders from the United States, and Senator Baucus of Montana in particular, are trying to make Canada the scapegoat for problems they are having with the international grain industry, as well as problems we are having. We have not led them into it. I should like to be assured that the Canadian government is giving people in the United States the right information, which they seem to be short of.

Hon. Lowell Murray (Leader of the Government): Honourable senators, it is not a new phenomenon, as the honourable senator is aware. Senator Baucus has been heard from before on these subjects. I will obtain from my colleague the Minister of Agriculture a comment on the latest salvos from that source.

SUPREME COURT OF CANADA

INDEPENDENCE OF JUDICIARY—EFFECT OF SALARY FREEZE—GOVERNMENT POSITION

Hon. Jack Austin: Honourable senators, the Leader of the Government is no doubt aware that the Chief Justice of the Supreme Court of Canada and the judges of that court are concerned that the independence of the judiciary may be threatened by the fact that their salaries were frozen without consultation with them.

Does the Leader of the Government believe that there is any threat to the independence of the judiciary on that account?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I saw the account of the speech by the Chief Justice of Canada to the Canadian Bar Association meeting in Florida the other day. I can only say that this government is committed, as governments always have been in this country, to the independence of the judiciary.

In the present case, the judges found themselves subject to the same freeze that was decided upon for others, including His Excellency the Governor General and members of this and the other house.

While I appreciate the comments made by the Chief Justice and the vigilance that he is determined always to show on behalf of the independence of the judiciary, there is not the slightest reason for concern on the basis of this episode.

Hon. Royce Frith (Leader of the Opposition): Can the Leader of the Government tell us whether the failure to consult the commission was an oversight or whether it was deliberate, in the sense that the government felt there was no need to do so?

As the Chief Justice said, the issue of adequacy of salary was not in play. He said that he was not complaining that judges are not well paid. His only complaint was that, concerning the issue of independence, no consultation took place with a body that is charged with the obligation of dealing with judges' salaries.

Was that failure to consult perhaps an oversight, which would be understandable, or was it deliberate, on the principle that the government did not feel it was necessary to consult?

Senator Murray: Honourable senators, it is rather a question of budgetary secrecy. All of us have our own views as to whether that theory and its practice go too far, but there is that principle to be defended. The position of the government is that, because the measures affecting the salaries of judges, parliamentarians and others were taken in the course of a budget, it would not have been proper to advise others outside the government on a matter of this kind.

Senator Frith: Does that mean that there is never any consultation with any outside body whatever, even on a confidential basis, with regard to proposed budget provisions?

Senator Murray: There are pre-budget consultations which take place every year, as the Leader of the Opposition knows, but the Chief Justice is stating that they should have been consulted and advised as to the course the government intended to take.

The position of the government is that it would not have been proper to do so.

THE ECONOMY

MUNICIPALITIES—EFFECT OF FEDERAL FREEZE ON GRANTS IN LIEU OF TAXES—GOVERNMENT POLICY

Hon. Peter Bosa: Honourable senators, I have a question for the Leader of the Government in the Senate. The federal government has put a freeze on the grants to municipalities in lieu of taxes. Is the Leader of the Government aware of the hardship that municipalities are facing in these hard times?

I am referring in particular to Metropolitan Toronto, an area that has lost, among others, some 125,000 manufacturing jobs in the last three years and is experiencing staggering increases in its welfare rolls. Metropolitan Toronto is no longer the economic mecca of Canada. Can the minister offer at this time a glimmer of hope for these municipalities that are experiencing such hard times?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I cannot offer any glimmer of hope that the decision announced by Mr. Mazankowski in his economic statement of December 2 will be changed. I shall, however, obtain some information, and table it here, on the amounts of money that have been paid out in recent years by the federal

government as grants in lieu of taxes to the municipalities to which Senator Bosa referred. I think he will find the sums quite impressive.

Senator Bosa: Is the honourable gentleman aware that, for example, the tax bases of municipalities like Metropolitan Toronto are being eroded because of the thousands of corporations that have gone into bankruptcy and are thus not contributing any taxes? The federal government, rather than coming to the assistance of this big centre, is freezing the amounts of the grants.

Taxes for ordinary homeowners are rising at rates of 7, 8 and 10 per cent, which are far above the inflation rate; yet this government is freezing these grants. The grants should at least keep up with the increases that individual homeowners are paying in taxes.

Senator Murray: Honourable senators, I will not pursue the argument at this moment because I do not have the figures in front of me, but my friend and I should jointly have a look at the rates of increase in these grants over a period of years to see whether it is so terribly unjust to have frozen them at a time when many other transfer payments are being reduced.

METROPOLITAN TORONTO

UNEMPLOYMENT—ECONOMIC SUMMIT—GOVERNMENT POLICY

Hon. Jerahmiel S. Grafstein: Last Friday, because of the economic difficulties that have confronted Metropolitan Toronto and the greater Metropolitan Toronto region, the federal government saw fit to convene an economic summit in Toronto headed by senior ministers and involving all levels of government.

Not only has Toronto lost manufacturing jobs, it has also lost jobs in the service sector. Some economists estimate that since the onslaught of this recession Metropolitan Toronto has lost in excess of 300,000 jobs which, based on economic forecasts, are absolute job losses.

Could the minister, on behalf of the Government of Canada, advise us, having now heard the representations of the many groups that make up Metropolitan Toronto, what specific programs or ideas the government will bring to bear on the problems confronting Toronto to alleviate the massive unemployment that Torontonians have been suffering?

• (1500)

Hon. Lowell Murray (Leader of the Government): Honourable senators, some time ago I discussed, for example, the decision of the government to proceed with additional runways at Pearson International Airport. I have also discussed the intentions of the government with regard to the terminals there and to the very considerable increase in employment that this activity will create. I regret to say that some of these decisions do not have the support of my friends opposite.

DESIGNATION AS INTERNATIONAL BANKING CENTRE—GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: Perhaps the Government of Canada would consider reversing its decision and allow Toronto to become an international banking centre as, indeed, it should be?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will ask the Minister of Finance for a comment on that question.

Senator Frith: Look in his "reversal-of-policies" file.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have answers to questions asked on January 26 by Senator Fairbairn concerning the government's position on reducing illiteracy in Canada; on February 2 by Senator Molgat regarding the government's policy on the seniors' initiative program; on February 3 by Senator Frith regarding National Defence and foreign submarines; by Senator Davey regarding the Canadian magazine industry, and by Senator Frith again regarding National Defence and the military helicopters contract.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I wonder, honourable senators, if my question on the seniors' program is lengthy, or can it be read?

Senator Lynch-Staunton: Do you want me to read it?

Senator Molgat: Yes, please.

Senator Perrault: We would be honoured.

SOCIAL AFFAIRS

RENEWAL OF SENIORS' INITIATIVE PROGRAM—GOVERNMENT POLICY

Hon. John Lynch-Staunton (Deputy Leader of the Government): The Seniors Strategy that was adopted by the government in 1988 was the first demonstration of national leadership in this area and was directed at enhancing the independence and quality of life for seniors.

Five years after, it is clear that this strategy has been very successful, and that we can all be proud of the progress accomplished.

Senator Perrault: I don't know whether you need to read the rest of it.

Senator Frith: We get the drift; it talks about everyone except the seniors.

Senator Lynch-Staunton: For example, the different programs of the strategy have contributed to the creation of numerous "self-help", meals-on-wheels or other home support services which have helped thousands of seniors remain independent.

At the same time, the government recognizes that much remains to be done —

Senator Frith: With all their progress, no one has noticed except themselves.

Senator Lynch-Staunton: — to meet the needs of the most vulnerable seniors, to maximize the partnerships already established, and to prepare Canada for the seniors boom.

A proposal is at present being considered for the renewal of this initiative, and an announcement will be made in due course.

Senator Frith: That is the course we like to have them made in, the "due" one.

SOCIAL AFFAIRS

COMMITMENT TO REDUCING ILLITERACY IN CANADA—GOVERNMENT POSITION

(Response to question raised by Hon. Joyce Fairbairn on January 26, 1993)

This government has demonstrated its strong commitment to literacy and to learning. However, dealing with low literacy levels involves commitment and cooperation among the provinces and territories, educators, community agencies, labour and business, in addition to the federal government.

The National Literacy Program was established in 1988 to carry out the government's commitment to work in partnership with all sectors. The recent report on literacy and poverty which was prepared by the National Anti-poverty Organization documents very clearly the relationship between poverty and low literacy skills, and confirms that dealing with low literacy levels is a complex issue and one that requires cooperative effort on the part of all Canadians.

Although there is reason to be pleased with the progress made so far, we and our literacy partners have to continue working toward our common goal. That is why the Minister of Multiculturalism and Citizenship announced in September 1992 that the National Literacy Program would continue its work beyond the initial five-year mandate.

NATIONAL DEFENCE

COST OF MILITARY HELICOPTERS CONTRACT—FOREIGN SUBMARINES—GOVERNMENT POSITION

(Response to question raised by Hon. Royce Frith on February 3, 1993)

There are approximately 900 submarines in service with the navies of over forty countries worldwide, and this number is increasing every year. Of these, approximately 550 belong to countries other than our NATO allies and Sweden. The breakdown is as follows:

– Middle East	28
– Asia	98
– Central and South America	44
– South Africa	3
– China	112
– Eastern Europe	15
– CIS	245

The submarine is becoming an increasingly important part of modern navies. Indeed, the proliferation of this technology is such that the navies of emerging regional powers currently operate almost half as many submarines as the former Soviet Union. Some of these powers may choose to use these vessels in order to project power abroad. While the focus of Canadian defence policy has shifted away from the old Soviet threat, the new instability and conflict abroad dictate that we retain versatile, combat-capable forces which are able to respond effectively as part of a broader international effort to restore peace and stability as well as in our own defence.

COMMUNICATIONS

FUTURE OF CANADIAN MAGAZINE INDUSTRY—GOVERNMENT RESPONSE

(Response to question raised by Hon. Keith Davey on February 3, 1993)

Revenue Canada is working with Time Canada Limited to ensure that it is fully aware of the provisions of tariff code 9958, and to obtain all available facts and information in order to determine whether the planned publication falls within the tariff legislation.

If the magazine is found to be in contravention of the law, Customs will take the necessary steps to ensure that the legislation is respected.

The government recognizes the role of Canadian periodicals both as a means of cultural expression as well as an important cultural industry. The government will

continue to support the spirit and intent of existing legislation which is designed to encourage a strong viable periodical industry.

NATIONAL DEFENCE

COST OF MILITARY HELICOPTERS CONTRACT—GOVERNMENT POSITION

(Response to question raised by Hon. Royce Frith on February 3, 1993)

Two contracts have been awarded, one for the Acquisition of 50 EH-101 helicopters (E.H. Industries Ltd.), the other for the design and installation of 35 Marine and 15 Search and Rescue Mission Suites (Paramax). The total value of these combined contracts is $2.8 billion.

Each contract contains Provisions for Termination for the convenience of the Crown. These Provisions are those normally employed by Supply and Services in its standard contracts.

The provisions allow for the payment, by the Crown, of all costs incurred by the Contractors as a direct result of the termination action.

Such costs would legitimately include but would not necessarily be limited to the following:

- all completed work for which the Contractor has not already been paid together with profit thereon;
- costs incurred for work underway but not completed at the time of termination plus profit thereon;
- costs incurred by the Contractor resulting for the termination of every sub-contract entered into by the Contractor;
- the costs of preparing the necessary accounts and statements with respect to the termination of the work;
- the costs which the Contractor is obliged to pay under any laws, regulations or agreements in respect of employees whose services are no longer required as the result of the termination;
- the costs arising from the taking of an inventory of all materials, components, plus work in process;
- other costs incidental to the termination of question.

Under no circumstances shall such costs exceed the respective value of each contract (i.e. combined $2.8 billion).

Due to the number and nature of the factors (noted above) which must be considered when a contract is terminated for convenience, it is readily apparent that such costs to the Crown could only be estimated, to a large extent, by the respective contractors.

No request has been made to either Contractor for such an estimate. Therefore, no specific numbers can be stated at this time. It is apparent, however, that with the passage of time, such termination costs would only increase.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

EDUCATIONAL PROGRAMS TO ASSIST ABORIGINAL STUDENTS

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 72 on the Order Paper — by Senator Molgat.

HURRICANE RELIEF EFFORT TO UNITED STATES AND CARIBBEAN COUNTRIES

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 77 on the Order Paper — by Senator Molgat.

ORDERS AND DECORATIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 82 on the Order Paper — by Senator Marshall.

ORDERS OF THE DAY

BORROWING AUTHORITY BILL, 1992-93 (NO. 2)

SECOND READING

Hon. C. William Doody moved the second reading of Bill C-98, to provide additional borrowing authority for the fiscal year beginning on April 1, 1992.

He said: Honourable senators, I welcome this opportunity to move second reading in this chamber of Bill C-98, the supplementary borrowing authority bill. I am mindful of the fact that when Senator Frith sat on this side of the house, he was always very careful to point out that this was not a borrowing bill but simply an authorization for the government to borrow.

Senator Frith: So careful that you never failed, in fact, to remind me of what I never failed to do.

Senator Doody: That's right. In this legislation, the government is requesting additional borrowing authority to meet fiscal requirements of $8.2 billion beyond those granted by Parliament in April of last year. Let me outline the details

of the bill, and I hope it will be referred to the Standing Senate Committee on National Finance for examination in even greater detail.

First, the amount of supplementary borrowing authority being requested is based on currently estimated financial requirements of $30.5 billion for the year, up $10.8 billion from the February budget. This reflects the impact of the economy on revenues. There is an additional $1.8 billion requirement for loans to the Canadian Deposit Insurance Corporation, CDIC, but at the same time our total requirements have also been partially upset by $4.4 billion relating to foreign exchange operations. As a result, the final additional borrowing requirement is $8.2 billion.

Let me give honourable senators some additional background on the $1.8 billion that the CDIC will likely borrow from the Consolidated Revenue Fund. It reflects the financial difficulties experienced in recent years by two member institutions. Some $500 million represents what the CDIC paid out to cover insured deposits held at Shoppers Trust when it was liquidated last year, and the remainder has been used for loans in respect of Central Guaranty Trust. This is to help fund the acquisition of certain Central Guaranty assets and all deposit liabilities by the Toronto Dominion Bank. The loan for Central Guaranty covers the shortfall between assumed liabilities and assets, and is secured by the remaining assets of the firm.

Next let me briefly review the impact of foreign exchange operations. These have worked in two directions: On the negative side there has been a requirement of $1 billion to cover gains in foreign currencies held in the Exchange Fund Account and another $3 billion to replenish foreign exchange reserves. However, these additions have been more than offset by $8.4 billion in intervention operations. This has resulted in a positive balance that has reduced borrowing requirements by $4.4 billion. Therefore the final net need is $8.3 billion.

I should also explain that this bill contains two clauses dealing with unused borrowing authority that was previously granted by Parliament. The first, clause 3, ensures that all unused borrowing authority in excess of $3 billion granted under this legislation will be cancelled on March 31, 1993. It is a standard clause and allows a nonlapsing $3 billion contingency reserve to be carried forward into the next fiscal year. The concluding clause, the fourth, ensures that all unused borrowing authority granted under legislation earlier this year will also be cancelled on March 31, 1993. This provision makes certain that only the one nonlapsing reserve for $3 billion can be carried forward into next year.

Honourable senators, in closing let me say that I truly believe that the actions taken by the government to date are concrete evidence of its commitment to handle the nation's finances with prudence and concern for the future. Consideration of a borrowing authority bill such as this one always leads to reflections on the financial situation of the country, and I am glad to have this opportunity to remind ourselves that the government is aware and is active in trying to resolve the problems. They have taken effective steps toward the time when requests for borrowing authority will be smaller, the financial situation of the government more secure and the Canadian economy far healthier.

Honourable senators, I commend this bill to your attention for approval.

Hon. H. A. Olson: Honourable senators, the last two or three sentences —

Senator Doody: I got carried away, Bud.

Senator Olson: You surely did get carried away. You almost left us aghast that anyone could get up and say such things, even though they were written.

Senator Stewart: He said he truly believed it.

Senator Frith: Maybe that was written too.

Senator Olson: I cannot believe that a man as sincere as Senator Doody, and he has demonstrated his sincerity over the years, could get such sentences out of his mouth. However, he did say that, and I suppose it is to be expected, because that is essentially the same kind of speech that senators opposite have been making about these supplementary borrowing authority bills for at least six years. The real deficit has always turned out to be substantially higher than the Minister of Finance had forecast in his budget speeches, whether it is the Honourable Mr. Mazankowski or the previous minister, Mr. Wilson.

• (1510)

It seems to me that the government should stop trying to kid the taxpayers. This requirement reflects the weakness in the economy that was clear at the time of the Budget speech in February 1992. What has dropped even more is consumer confidence, which the Minister of Finance said then was at, and he predicted would remain at, a higher level than has actually materialized. Consumer confidence accelerating the economy simply has not happened.

I do not intend to say very much more about it at this time. However, we have reached the stage where the government should at least be honest with itself. When it comes to Parliament attempting to predict deficits and then asking for borrowing authority to cover those deficits, it should tell us the truth. It has been so consistently wrong that one wonders whether it is deliberately using figures that it knows are wrong when it gives them. That is not being financially responsible, as far as I am concerned.

The bill itself is in the usual form. I do not have any criticism of that, except the amount is larger than it usually is. Because of that, the Minister of Finance should be severely criticized. A year ago he brought in a budget and forecast certain deficits, which he has exceeded by far. This year he returns with exactly the same story he has used year after year to cover the financial requirements caused by this government's mismanagement of the economy, interest rates

and monetary policy. The only comfort one can get is that there has been some backing down of debt service charges, because interest rates have gone down somewhat since last February.

Having said that, we could pass the bill and send it to committee. When the Minister of Finance or the Minister of State for Finance, Mr. McDermid, appears before the committee, perhaps we will receive a better explanation as to why they are out so far on the deficit and require this additional borrowing authority. I certainly hope so. Generally, Canadians are sick and tired of hearing the government state, year after year, that it has missed on this estimate and missed on that estimate, when the estimates have been similar, except that in this case the amount is larger than it has been since the government came to office.

Perhaps the minister will be able to deal with some of those questions.

Hon. John B. Stewart: Honourable senators, I would like some information, which may be helpful to the committee on National Finance.

Today is Tuesday, February 23, and we are within approximately six weeks of the end of the fiscal year. As I understand it, the government is asking for $5.2 billion of borrowing authority for the balance of the current fiscal year, assuming that it does not get into that extra $3 billion that would be available to be carried over into the next fiscal year.

This bill started with the budget statement early in December. December has gone by, January has gone by, and February has almost gone by. We receive the bill today. The question is: What urgency is there with regard to the enactment of the bill?

Senator Doody: Honourable senators, quite honestly, I cannot answer that question. I would recommend that we put it to the minister or his representatives tomorrow when they appear before the committee, assuming the committee meets tomorrow. It may be more appropriate to get it straight from the source.

Senator Olson: It would also be nice to know now.

Senator Doody: Believe me, senator, I would tell you if I knew.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Doody, bill referred to the Standing Senate Committee on National Finance.

• (1520)

NORTH ATLANTIC TREATY ORGANIZATION

NORTH ATLANTIC ASSEMBLY PRESIDENTIAL TASK FORCE ON AMERICA AND EUROPE

Hon. Earl A. Hastings rose pursuant to notice of Wednesday, February 3, 1993:

> That he will call the attention of the Senate to meetings of the NATO North Atlantic Assembly Presidential Task Force on America and Europe, held in Washington, D.C., January 20 to 23, 1993, and the participation of the Senate therein.

He said: Honourable senators, as the Notice of Inquiry indicates, I wish to take this opportunity to advise the Senate of my participation in the North Atlantic Assembly Presidential Task Force on Europe and America.

As all honourable senators are aware, members of this chamber regularly participate in the North Atlantic Assembly through its committees, subcommittees and Assembly activities. The presidential task force is an ad hoc extension of this work by the North Atlantic Assembly.

Changing times call for reassessment and reevaluation. Times certainly have been changing in Europe in recent years. NATO and the North Atlantic Assembly have also changed in reaching out to Eastern Europe and the former Soviet Union. The North Atlantic Assembly was the first to extend the hand of partnership to Warsaw Pact members.

While links are improving in the East, strains are becoming pronounced in relations within the West. The need for transformation and understanding continues to demand our attention. These, then, are the reasons that the outgoing president of the North Atlantic Assembly, Mr. Charlie Rose, and the incoming president, Mr. Luic Bouvard, established a task force to examine the trans-Atlantic relationship in a fundamental way.

The first meeting of the task force took place in Washington, D.C., on January 21 and 22. I had the honour of representing Canada with parliamentary colleagues from the other NATO countries. Our meetings were organized into four sessions. One was dedicated to political questions, another to economic issues, while two sessions focused on the different aspects of the defence dimension of trans-Atlantic relations. Each session featured presentations from experts from highly respected American think-tanks, followed by discussion and debate.

Those presenting briefs included experts from the Centre for Strategic and International Studies, the Brookings Institute, the Congressional Research Service, the Woodrow Wilson Centre, the National Defence University, the Federal Budget Project, the United States Army War College and the House of Representatives Armed Services Committee.

In the political session, the three commentators all argued that the United States remains totally committed to European

security, and that under the new administration the United States was likely to be much more interested in seeking multilateral friends and allies. The point was made several times that NATO continues to fulfil several functions. It is a collective defence insurance policy, including a basis for reconstituting large defensive military forces, if necessary. It provides the structure for the United States' continuing commitment to deter a nuclear attack on Europe. It is a framework for consultation and American involvement in Europe. It is an instrument for cooperation where military forces are concentrated, and which regulates the military relations among key powers in the northern hemisphere.

These are described as NATO's core functions. An additional function in which the North Atlantic Assembly plays a role is the mobilizing of popular support to understand that maintaining security requires a continuing commitment over the long haul.

The question which then looms is this: Beyond these core functions, to what extent is NATO prepared to deal or be responsible for dealing with new challenges with respect to the security of Europe, challenges such as the Yugoslav crisis which was brought to our attention today by the Honourable Senator Raymond Perrault.

The three main initiatives proposed for NATO were to rebalance the relationship between Europe and the United States to a partnership of equals; to provide more security to the new democracies of Central and Eastern Europe; and to use NATO assets and habits of military cooperation and integration, including and involving the United States, to support international security actions such as United Nations peacekeeping. The ultimate objective would be to add more certainty and consistency of response to security problems.

These moves, however, must not undermine NATO's core functions. NATO will act in cooperation with other institutions, notably the CSCE and the UN, and real linkage must be built with these institutions.

In the session on economic issues, discussions revealed that economic relations between Europe and America are at the same time competitive and cooperative in the sense that both sides benefit from trade. The degree of rancour in those relations depends on which adjectives leaders on each side of the Atlantic are choosing to use at any given time.

Several forces encourage friction. America and Europe have differing views on the role of governments in international trade. The Europeans favour more government intervention. Europe and the United States see merit in focusing their economic and trade liberalization efforts in their own regions, possibly at the expense of the multilateral trading system.

The economic session also presented an opportunity to discuss how the West could assist economic reform in the former Soviet Union. The principal points made were that solid western support for reform would help the hand of the reformers against the conservative elements. It was also observed that western efforts to deliver aid have not been very successful, a fact that has undercut western moral authority.

The sessions on the defence dimension identified two challenges for security relations. The first is to develop the principles, instruments and mechanisms for international intervention. The second is to control the proliferation of weapons. Inclusiveness is likely to be the key to achieving both successfully by developing rules and committing countries to abiding by them.

Two challenges for a military alliance like NATO were also identified. First, military intervention in the future is likely to be by ad hoc coalitions, which will diminish the value of the particular integrated military structure even though, as discussed in the political session, a more systematic approach is ultimately needed. Second, the national forces are being reduced, often unilaterally, in response to national domestic fiscal policies. In spite of this, Europe and the United States possess the most capable reaction forces for international intervention. To be effective together they must have common standards, combined training, joint planning, sophisticated common control and intelligence systems. The alliance provided a forum for the development of such procedures.

In the discussion of this first meeting of the task force in Washington, there is good and bad news for Canada. As a country which has long sought to advance its international interests through multilateral cooperation with other states, we must see as positive the apparent interest of the United States administration in multilateralism. However, we must be concerned about the tendency for western trading relations to focus increasingly on regional groupings if it comes at the expense of multilateral trading.

As might be expected at the first session of such a group, meeting in Washington during the handing-over of power and the inauguration of a new president, Canadian concerns were not dealt with at length. Nevertheless, I developed some thoughts on the direction for NATO and trans-Atlantic relations which I propose to share with honourable senators and my colleagues on the task force.

Honourable senators, NATO has emerged as the main instrument linking North America and Europe politically and militarily since virtually the end of the Second World War. NATO has provided 40 years of security, 40 years of peace, 40 years of cooperation, 40 years of international engagement by the United States, and 40 years of relative prosperity. These have been enormous accomplishments. Yet, as our former Secretary of State for External Affairs, Joe Clark, observed, speaking on the same topic in 1990, "Nostalgia is no basis for policy."

What do we wish to achieve in trans-Atlantic relations? Surely it is a region in which individuals and nations feel secure and in which all aspects of their relations are pursued cooperatively.

In this context, I believe that NATO's core functions remain valuable. NATO provides direct security, not the least to Canada. A country as large and as sparsely populated as ours cannot defend itself. It is useful to know that we have friends who will help us in the unlikely event that we are ever attacked.

Beyond the direct military security of the North Atlantic area, the world community has decided that there are occasions when military forces may have to be used to respond to threats to international peace and security. NATO nations will inevitably be called upon to provide an important part of those forces, just as we are today providing more than half the forces currently on peacekeeping operations around the world.

• (1530)

In this context, the value of NATO as a forum in which the major military powers of the world with power projection capability can gather to consult and coordinate would be difficult to overstate. The experiences of Yugoslavia and Somalia demonstrate that efforts to resolve international security problems in the post-Cold War period only have a real prospect of success when Europe and the United States work together politically and militarily. From that develops an exceptionally valuable process for establishing standards and procedures for international military cooperation.

We have seen the chaos that can accompany the establishing of peacekeeping operations because they involve so many armed forces with different approaches, procedures and equipment. We can contrast that with the smooth functioning of the coalition during the operation Desert Storm, where a coalition was based on NATO standards and NATO capabilities, even though it was not, of course, a NATO operation.

I am not certain, however, that this leads to a view that NATO, as such, has a direct role in running international military operations. Certainly, NATO alone cannot provide the legitimacy for international and military security actions. Legitimacy can only come from organizations like the Conference on Security and Cooperation in Europe and the United Nations, which have inclusive membership and broad mandates. International military actions also need to draw from a broader spectrum of countries than the rich industrial democracies.

The function of NATO taking an increasingly direct role in performing tasks for the United Nations is an issue that will have to be addressed in the near future. At the very least, NATO must build links with these organizations so that each level of institutionalized cooperation is consistent with and supportive of the next level. NATO must continue to maintain a core military organization, well-trained, equipped, and supported, which sets standards and accustoms soldiers of different armies to working together effectively.

I remain perplexed about the purpose and role of the Western European Union. This body was, until recently, composed of nine European countries that are members of the European Community and NATO. I say "composed of nine" because, under the provisions of the European Community's Maastricht Treaty, it has begun to try to incorporate all other European member states of NATO under various arrangements, leaving out the United States and Canada. I find it difficult to identify roles the Western European Union could serve that could not be equally or more effectively served by NATO. I shall be looking to my European colleagues on the presidential task force to help Canadians understand the need for such apparent duplication and exclusion.

Speaking of exclusion, I find I cannot agree with the current position of our government that the new democracies of Central and Eastern Europe should not be admitted to NATO until they are ready for admission into the European Community. Canada did not apply that criterion to the admission of any other members of NATO, or Greece, Turkey and Spain would not have been admitted. Those countries were deemed able to satisfy the criteria of Article 10 of the North Atlantic Treaty that new members be

> in a position to further the principles of this treaty and to contribute to the security of the North Atlantic area.

It seems to me that we must be prepared to invite new countries into NATO, reflecting the new global reality, and that NATO is not a relic of the cold war but is capable of contributing positively to ensuring global security in this new environment. NATO must be prepared to accept new countries which want to join and which are ready to contribute, and the key word is contribute.

NATO is not just about protection of our own country. It is about being able to help other countries protect themselves, if necessary. It is about safeguarding the freedom, common heritage and civilization of its peoples. It is about promoting stability and wellbeing in the North Atlantic area. It is about settling international disputes in such a manner that international peace, security and justice are not endangered. It is about developing peaceful and friendly international relations by strengthening free institutions. It is about eliminating conflict in international economic policies and encouraging economic collaboration.

We must, at the political level, spell out criteria for membership that are more explicit than those currently contained in Article 10 of the treaty. Such criteria would help clarify in our minds what it is we stand for and what we expect from others. More important, the criteria would make it clear to others what they have to do to ensure their own security and to participate in collective defence. They would provide a worthwhile goal to be attained.

It should be enough for prospective and new members of NATO to demonstrate democratic political systems and societies, open market-based economies, civilian control over the armed forces, a commitment to peaceful settlement of disputes, a reasonable ability to defend their own territory and sovereignty, and a capability to contribute to collective defence efforts through, for example, contributions to the NATO operations and infrastructure budgets and participation in NATO reaction forces for peacekeeping operations.

These are exacting requirements. They are unlikely to result in a flood of new members demanding instant admission. At the same time, by what reasonable arguments could we deny membership in NATO to a country which fulfils these requirements and wants to belong?

Honourable senators, our next meeting will take place in Brussels on March 15, and I am hoping to ensure that there will be Canadian briefers involved in the program at that time. In the meantime, I propose to submit to the Rapporteur of the committee, Mr. Bruce George of the United Kingdom, copies of several relevant speeches by our Prime Minister and the Secretary of State for External Affairs, as well as recent parliamentary reports on relations with Europe. The task force will return to Washington in April for its third and final meeting. At these meetings I hope to continue to ensure that there is Canadian input and participation in the deliberations of the task force.

In conclusion, honourable senators, I should like to record my appreciation for being given, by virtue of and pursuant to the Senate travel regulations, the chance to participate in what I believe to be a worthwhile undertaking.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Would Senator Hastings permit a question?

Senator Hastings: Certainly.

Senator Molgat: First of all, were other Canadians, either parliamentarians or non-parliamentarians, involved? Second, was there any discussion specifically on the problems in the former Yugoslavia? And third, why are there objections to taking in new countries even though they are not members of the European Community, and who is raising those objections?

Senator Hastings: I think I will answer the last question first, if I may.

Why is there hesitancy with respect to membership in NATO by the former Warsaw countries and Eastern European countries? It is, I think, simply a fear on the part of NATO that a quick membership by an Eastern European country might result in the same problems and exactly the same concerns as are developing within Yugoslavia. I am speaking of ethnic cleansing and long-standing conflicts that are starting to erupt in those nations. There is a fear that there might suddenly be a demand on NATO to assume the responsibility for resolving those disputes, and I suppose there is a reluctance on the part of NATO to rush in and assume those responsibilities at this stage.

Were there any discussions with respect to Bosnia?

Senator Molgat: Who is raising the objection? Is it within NATO?

Senator Hastings: Within NATO. It is the NATO council, I presume, that is setting the standards for new membership and saying they must be ready to join the European union before they may join NATO.

With respect to Bosnia-Herzegovina, no, there was no discussion specifically with respect to that area. There were discussions with respect to incidents or areas of concern all over the globe with similar characteristics as exist there.

With respect to the first question, there are two Canadians named to the task force: Mr. Hicks, the chairman of the Canadian NATO Association, and myself. Mr. Hicks was unable to attend this particular meeting.

• (1540)

Hon. Jerahmiel S. Grafstein: Will the Senator allow two more questions? Was any criticism directed towards Canada for withdrawing our troops from European soil? Second, was there any criticism directed towards our European allies for being reluctant to take a much more aggressive position with respect to the situation in Yugoslavia, as was articulated by former American President Ronald Reagan? Apparently, during a speech at Oxford, Ronald Reagan criticized NATO for not walking across the street and stopping the fight.

Senator Hastings: Former President Reagan has put forward the proposal that NATO become the world policeman. NATO is reluctant to assume that role. NATO can only act under authority from, or in cooperation with, the United Nations which has a broad mandate, or with the Conference on Security and Cooperation in Europe. Under those two authorities, NATO can act. However, NATO will not suddenly become the policeman of the world, notwithstanding Mr. Reagan's observations.

In answer to the first question: Was there criticism of Canada? No, there was no criticism of Canada. The matter was not discussed. There is a general view that Europeans desire North America to continue to participate in the security of Europe in other ways, perhaps, but there was no criticism with respect to the withdrawal of troops from Europe.

The Hon. the Speaker: Honourable senators, if no other honourable senator wishes to speak, this inquiry is considered debated.

The Senate adjourned until tomorrow at 1:30 p.m.

THE SENATE

Wednesday, February 24, 1993

The Senate met a 1:30 p.m., the Speaker in the Chair.

Prayers.

THE RIGHT HONOURABLE MARTIN BRIAN MULRONEY

TRIBUTES ON RESIGNATION AS LEADER OF THE PROGRESSIVE CONSERVATIVE PARTY OF CANADA

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am sure the Senate would not expect me to allow to go unremarked the important announcement made this morning by the Right Honourable Brian Mulroney of his intention to step down from the national leadership of the Progressive Conservative Party and to resign the prime ministership after a party convention in June. When the time comes for his official leave-taking from the government in June, there will no doubt be an opportunity for honourable senators to mark that occasion, and to speak in some more formal way.

For today, I simply want to record on behalf of my caucus colleagues our admiration, respect, affection and our pride at having served under his leadership.

Some Hon. Senators: Hear, hear!

Senator Murray: Those of us who have been members of the Progressive Conservative Party for many years will remember Brian Mulroney as the national leader who, 100 years after the death of Sir John A. Macdonald, redeemed the heritage of our first Prime Minister and renewed our party as a partnership of English- and French-speaking Canadians dedicated to national unity and national development.

[*Translation*]

We are proud that his leadership and his policies attracted many men and women who supported other parties or who had not been involved in politics until then. Some of the most eminent supporters of the Mulroney government, I am proud to say, are now members of our caucus in the Senate.

[*English*]

The 10 years of Brian Mulroney's leadership of the Progressive Conservative Party have been full of challenge, which he has mastered resolutely and skilfully. During the eight and one-half years of his prime ministership, he has bravely confronted and met the need for historic, and, yes, radical change in Canada.

Public life takes a heavy toll on the lives of individuals, especially those in high office. Brian Mulroney is no exception. Ten years after entering public life he remains unchanged — an optimist, an activist, a passionate Canadian faithful to his roots and faithful to his mission.

I, who have known him well for 38 years since our student days at St. Francis Xavier University — longer and better, I think, than anyone in government or Parliament — would find it hard on a day such as this to find words to describe my own pride and happiness in his achievement.

I have one final, personal word, honourable senators. I doubt that two more gracious people will ever inhabit 24 Sussex Drive than Prime Minister and Mrs. Mulroney. They made a wonderful home of that official residence. I have had occasion to be there in the middle of the night at times of crisis and controversy, and many of us have been there on more formal occasions. There is probably not an official residence in the world which has offered more warmth and hospitality than the residence of Canada's Prime Minister over the past eight and one-half years. This is largely to the credit of Mila Mulroney, who has been a wonderful asset to the Prime Minister, as she has been to the government and to the country. She has earned, as he has, the respect and abundant gratitude of the country.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, as the Leader of the Government has said, there will be another occasion for longer and more detailed interventions on the career of the Prime Minister of Canada, who resigned today.

It is an important day in Canadian history. As the Prime Minister himself said, history will make the final decision as to his contribution to Canadian history and to the welfare of Canadians. May I say parenthetically that I don't know where he, or anyone else, got the idea that history ever makes a final decision about anything.

History and we will all agree, though, that today is neither a day for meanness of spirit nor a day for unkindness. Honourable senators, I am sure, will understand that it is difficult, indeed impossible, for me to congratulate the Prime Minister in the political context when I have spent that part of my political life which overlaps his in disagreeing with him and criticizing just about every political thing he ever did. However, I will say nothing more about that now. It is not an appropriate time to do so. The Prime Minister, as was said a few moments ago, has said that he had given his very best to what he thought was in the best interests of Canada, and I believe he did.

Hon. Philippe Deane Gigantès: Honourable senators, like every other Liberal, I am sure, I wish the Prime Minister a happy and prosperous life in the private sector and in the bosom of his lovely family.

SENATORS' STATEMENTS

TELEFILM CANADA

PROPOSED FILM ON OCTOBER CRISIS

Hon. Philippe Deane Gigantès: Honourable senators, I was asked yesterday why I objected to a Senate investigation of the film *The Valour and the Horror*, whereas now I am objecting to the public financing of a film called *Octobre*. The two cases are totally different.

The script writers and producers of *The Valour and the Horror*, a film about World War II, could be accused of having believed some historians rather than others. They could not be accused of stating something they knew to be untrue.

On the other hand, *Octobre* is a dramatization of why four young terrorists killed Pierre Laporte. Moreover, Pierre Falardeau, the script writer and would-be director of the film *Octobre*, states in his script something that he knows to be untrue. He states in his script that Pierre Laporte had been bought by the Mafia. Speaking on the CBC's *As It Happens*, on Monday, February 22, Mr. Falardeau stated:

> Everything in the script is true...Laporte and the Mafia, it was in the (Quebec) Commission on Organized Crime...

Honourable senators, there has never been a shred of proof that Mr. Laporte had been bought by the Mafia. It is a lie to say, as Mr. Falardeau says, that the Quebec Commission on Organized Crime found that Pierre Laporte had been bought by the Mafia. This false allegation has been the central argument of those who have always tried to present his killers as nice young men who did nothing worse than kill a mafioso. This lie, which he knows to be a lie, is also the central argument of Pierre Falardeau's script for the film *Octobre*.

I object to $2.6 million in public funds being spent to propagate something that we know in advance to be a lie.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, in spite of the historic announcement made today, the fact remains that it is now 98 days that the government has shown, according to the words of Senator Murray, political cowardice and contempt for the democratic process because of its failure to hold a general election. I do have to mark the day by saying that now, at least, it has provided itself with an excuse.

ROUTINE PROCEEDINGS

CANADA-JAPAN INTER-PARLIAMENTARY GROUP

REPORT ON ASIA-PACIFIC PARLIAMENTARY FORUM TABLED

Hon. Donald H. Oliver: Honourable senators, I have the honour to table the report of the delegation of the Canada-Japan Inter-Parliamentary Group to the inaugural meeting of the Asia-Pacific Parliamentary Forum in Tokyo, Japan on January 14 and 15, 1993.

CHILD POVERTY

PRESENTATION OF PETITION

Hon. Mira Spivak: Honourable senators, I have the honour to present a petition signed by residents of Thompson, Manitoba relating to child poverty in Canada.

QUESTION PERIOD

COMMUNICATIONS

NATIONAL UNITY ADVERTISING CAMPAIGN—PLACEMENT OF CONTRACTS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, my question is directed to the Leader of the Government in the Senate. It concerns the $21 million national unity advertising campaign of last year that has been featured in the press recently. Was this a single contract in the neighbourhood of $21 million?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would have to check to see exactly what the contractual arrangements were. The $21 million figure, as I recall, relates to the campaign celebrating Canada's 125th birthday, which was carried out under the auspices of the Department of the Secretary of State. I do not think it is accurate to say that, in an advertising campaign of this kind, a contract for $21 million is signed with an advertising agency. Rather, a government department would have a budget for such a purpose. An agency or agencies would be selected, a media plan would be agreed to, and the advertising would be placed from there.

However, if the honourable senator is speaking about the $21 million in the context of a single advertising campaign, then he is correct; that $21 million relates to the 125th birthday celebration advertising under the auspices of the Secretary of State.

Senator Frith: I had thought so. The $21 million obviously was not the amount the agency would receive, but was the amount placed on which the agency or agencies would receive commission. Perhaps the Leader of the Government could find out just what form it took. My prediction is that his description is probably right.

Further, can the Leader of the Government tell us what agency or agencies the contract was with for the placement of the advertising?

Senator Murray: There again, there is a distinction to be made, and I should really obtain a specific description of how the process works. I can tell the honourable senator that the two advertising agencies which were selected to do the creative work were Palmer Jarvis of Vancouver and PNMD Publitel Inc. of Montreal. Those were the agencies that did the conceptual and creative work. The actual placement, the buying of the time, is done by another agency of record that acts on behalf of the government. However, I will obtain a more detailed description of the process for the honourable senator.

Senator Frith: The Leader of the Government had already put on the public record that the two agencies he has just mentioned were what some people call the "controlling agencies"; not necessarily the agencies actually placing the advertising, but the agencies controlling the program.

Senator Murray: Yes.

Senator Frith: Perhaps the Leader of the Government could let us know if other agencies were involved in the placement of the contract, and if so, who they are.

My next question is this: Was there a tendering process?

Senator Murray: Honourable senators, there was a competitive process. The selection of advertising agencies is not put out to a tender process in the same way that the government purchases goods or lets construction contracts by tender. However, there is a competitive process envisaged by the government in a policy that has existed since 1985, the guidelines for which are set out in Treasury Board regulations. There was a competitive process in which five or six agencies were asked to develop conceptual and creative work for the government. From these five or six agencies, the government selected two to handle the campaign to which the honourable senator refers.

Senator Frith: Honourable senators, that was my next question: How many bids were submitted to the government? The Leader of the Government has described them as proposals for designing the program. Perhaps he could tell us exactly how many proposals there were.

Senator Murray: Five or six.

Senator Frith: Perhaps the Leader of the Government can give a delayed answer to that question. Of course, I could look up the Treasury Board guidelines, but if a delayed answer is given, as the Leader of the Government indicates he intends to do, perhaps he could attach those Treasury Board guidelines to that answer.

Senator Murray: Certainly.

THE SENATE

STATUS OF "DIVISIONAL" APPOINTEES

Hon. Royce Frith (Leader of the Opposition): My last question is this: Is there any hope that the Prime Minister's "divisional" appointees to the Senate will follow their leader's excellent example of today?

Senator Murray: Dream on.

ARMENIA

REQUEST FOR HUMANITARIAN AID—GOVERNMENT RESPONSE

Hon. Raymond J. Perrault: Honourable senators, it is sad to say that the Four Horsemen of the Apocalypse are galloping through the world with renewed vigour and perversity these days.

I want to ask a question of the Leader of the Government in the Senate about the situation in Armenia. By way of a short preface to the question, I want to quote from a letter I received from Archbishop Hovnan Derderian, the Primate of the Armenian Church of Canada. He says:

> The generosity of all Canadians toward the people of Armenia during the recent turbulent years, and in particularly during the aftermath of the 1988 disastrous earthquake, has given us hope that one day this suffering nation will come out of the present state of misery and begin to enjoy the basics required to exist.
>
> As Canadian-Armenians, we have been contributing to the international efforts by all Armenians across the world in supporting the needs of thousands of Armenians in Armenia, by shipping food, milk, clothing, basic medications, and other material aid.

Needless to say, conditions in Armenia are deteriorating from one day to the other. The economic blockade by the Azeris, the non existence of power and gas, as well as the unavailabilities of food have created a society whereby survival as human beings has been become a daily challenge.

It is in light of the foregoing factors that we cannot give up our humanitarian efforts. We therefore request from the government of Canada to provide further humanitarian assistance to the suffering people in Armenia. The needs are great. Assistance in the form of food items, baby milk, warm or other clothing, wheat and other cereals, etc. is most needed.

Furthermore, the Diocese of the Armenian Church of Canada will continue its humanitarian relief programs which urgently require the help of the Government of Canada in items of providing transportation. All our communities across Canada have actively participated in the relief efforts and now have reached a stage where transportation costs for donated item to reach the needy in Armenia may become detrimental.

Honourable senators, this is a situation allegedly as serious as anything in the Balkans — Bosnia, Serbia and Croatia — and equivalent in some ways to the situation in Somalia.

Senator Doody: Question!

Senator Perrault: I realize that was a lengthy preliminary to my question, but I also know that honourable senators on the other side will realize that this letter was penned by one of the leading prelates in the country who is deeply concerned with this problem. I hope honourable senators opposite do not resent this background statement to my question.

• (1350)

This is the Archbishop's question, which I have been asked to ask. He says:

We will appreciate to learn of what kind of support/assistance we may expect from the Government of Canada in order to plan for the forthcoming phase of our aid to Armenia.

Honourable senators, I should imagine that this letter has probably gone to other parliamentarians as well. Will the Leader of the Government in the Senate give us any information about the situation in Armenia and our role there, if any? If he does not have the information, will he undertake to bring that information to the chamber?

Hon. Lowell Murray (Leader of the Government): I will do the latter, honourable senators.

[Senator Perrault]

YUGOSLAVIA

OWEN-VANCE PROPOSAL FOR PEACE — GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: In Yugoslavia, the Owen-Vance plan has been advanced as the solution towards some type of temporary peace. The Government of Canada has been reported as supporting that plan, but the United States government appears to have reservations about that plan. Could the Leader of the Government advise us what the current position of the government is with respect to the Owen-Vance plan?

Hon. Lowell Murray (Leader of the Government): Honourable senators, without wanting to be trite or flippant, it is the only game in town. It is a plan, effectively, for the cantonization of that part of the world. At the moment there is no other plan that seems to have any chance of succeeding.

The United Nations is there, including Canadians, in the determination to do a humanitarian job and to try to enforce and maintain a peace that will enable the parties to implement the Owen-Vance plan, or some alternative plan that has some chance of putting that part of the world in a state of equilibrium.

More than that, I cannot say. My friend says that the United Nations knows about it. The parties involved are by no means unanimous, but at the moment the Owen-Vance plan, or something like it, seems to have a better chance of providing the base for progress than any other plan.

Senator Grafstein: Does the Government of Canada have reservations about the plan? The Americans, through their new Secretary of State, have indicated that they have a number of concerns. The leadership of the United States has articulated other concerns from Congress. I wondered whether or not Canada was foursquare behind the principles of the Owen-Vance plan. I understand the difficulty in responding, because it does provide at least a solution to some sort of interim peace to stop the violence, but the principles are important. Does the government have any reservations with respect to the underlying principles?

Senator Murray: Honourable senators, I am not in a position to say more on that subject than I have just said, but I will ask my colleague the Secretary of State for External Affairs if there is anything that she or her advisors could usefully add in a public way on that matter at this time.

EXTERNAL AFFAIRS

PEACEKEEPING IN BANJA LUKA, YUGOSLAVIA—DEMAND FOR PAYMENT BY CANADA—GOVERNMENT POSITION

Hon. Raymond J. Perrault: There was a report in the media, honourable senators, that the mayor of Banja Luka, a town in Yugoslavia, had demanded a ransom of $50,000 from Canada to allow Canadian troops to enter his area for peacekeeping purposes and to alleviate the problems of the

population. The spokesperson for the Serbian majority in that town, however, is reported to have stated that, although $50,000 was paid to the mayor by Canadian peacekeepers, that money was intended for the construction of facilities for Canadian troops serving under the auspices of the United Nations. I wonder if we can learn from the Leader of the Government in the Senate the view of External Affairs with respect to these apparently contradictory allegations.

• (1400)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have no information on that matter. I will ask the Department of External Affairs whether they have anything to report.

ANSWER TO ORDER PAPER QUESTION TABLED

NATIONAL DEFENCE TELEVISION COMMERCIALS CONCERNING "KEEP THE PEACE"

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 78 on the Order Paper — by Senator Molgat.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, February 25, 1993

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

Prayers.

[*Translation*]

SENATORS' STATEMENTS

TELEFILM CANADA

PROPOSED FILM ON OCTOBER CRISIS

Hon. Philippe Deane Gigantès: Honourable senators, I rise again to comment on this film that makes a plea for political assassination. It is unthinkable in a democratic society that we should use public funds to finance a film that depicts people who kill a political adversary as heroes and their victim as a gangster.

A very small minority of Quebecers agree with these people and are furious because I object to this film being produced with public funds. However, Telefilm does not have an unlimited budget. It has only so much money to spend, so that Telefilm's directors have to make a choice. They accept some scenarios and reject others. Are there really no restrictions on the kind of films that may be financed? If they make a film that approves of political assassination, where will this lead us? What other kinds of heinous crimes will be recommended to the public, with taxpayers' money?

In a democracy, political assassination is particularly unacceptable. I give you my word of honour that for instance if I saw someone who wanted to kill our Prime Minister, I would do something about it although I do not share his political views. I would do that, not because I agree with him but because he is a fellow citizen and my Prime Minister. We cannot accept using taxpayers' money to send a message that says the exact opposite. We cannot have a democracy worthy of the name if we say it is all right to kill an adversary, to kill someone whose views we do not share.

I hope that my colleagues on both sides of this chamber will add their voices to mine. This is not just another movie. There have been films like *Le mouton noir* and *Les ordres* which were not very nice to the RCMP or the federal government of that time. However, this is not a partisan or political issue. Here we have a movie that tells the story of the murder of Mr. Laporte from the perspective of his assassins and depicts them as heroes. We can't finance that sort of film with taxpayers' money.

[*English*]

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the events of yesterday have cast a new light on the election clock. As of today, it will be 99 days that the government has shown, according to Senator Murray, political cowardice and contempt for the democratic process because of its failure to hold a general election. Now there is proposed a so-called transfer of power, a power that a very small percentage of the Canadian people thinks should be exercised by the present government. That, according to the predictions, will add another hundred days.

So the government has managed to double its clinging to power by the announcement of yesterday and by the proposed transfer of power. It may be that I will express the ticking of the clock in another way as time goes on to the meeting of this government with its manifold destiny.

I want to add a footnote. While I was not critical yesterday, I must say that I was disappointed when the Prime Minister said yesterday in French to one of the questioners that he wanted to assure the questioner that he could have defeated Mr. Chrétien in the election —

An Hon. Senator: Would have.

Senator Frith: Could have or would have — it is in the conditional mood. That is just like having me or Senator Lynch-Staunton or Senator Forrestall stand before reporters in the media and say, "I am able to, and could and would, defeat Mike Tyson, but I am not getting into the ring with him."

Hon. Efstathios William Barootes: There is a reason why we are not facing Mike Tyson — he is not available.

Senator Frith: No, but you can talk about why he is not getting into the ring with him.

[*Translation*]

THE CANADIAN FLAG

TRIBUTES ON 28TH ANNIVERSARY

Hon. Noël A. Kinsella: Honourable senators, each year in February, we take the opportunity to give some thought to our national flag.

[*English*]

Honourable senators, it was on February 15, 1965, that Canada adopted her flag. I should like to draw to the attention of honourable senators that so often in our committee rooms, whether we are meeting *in camera* or with members of the public appearing as witnesses, seldom do we find the Canadian flag properly displayed or displayed at all. I hope that the officers of this chamber and honourable senators will see to it that the Canadian flag appears in our committee rooms and appears there with the dignity, respect and decorum it deserves.

ROUTINE PROCEEDINGS

THE ESTIMATES, 1993-94

TABLING

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I wish to table the following documents: The government's Expenditure Plan, Part I, 1993-94 Estimates; the Main Estimates for the fiscal year ending March 31, 1994, Part II; and the Expenditure Plans Part III.

BORROWING AUTHORITY BILL, 1992-93 (NO.2)

REPORT OF COMMITTEE

Hon H. A. Olson, Chairman of the Standing Senate Committee on National Finance, presented the following report:

Thursday, February 25, 1993

The Standing Senate Committee on National Finance has the honour to present its

EIGHTEENTH REPORT

Your Committee, to which was referred Bill C-98, "An Act to provide additional borrowing authority for the fiscal year beginning on April 1, 1992", has, in obedience to the Order of Reference of Tuesday, February 23, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

H.A. (Bud) OLSON
Chairman

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

Hon. C. William Doody: With leave of the Senate and notwithstanding rule 59(1)(*b*), I move that the bill be read the third time later this day.

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

Hon. Senators: Agreed.

The Hon. the Speaker: With leave of the Senate and notwithstanding rule 59(1)(*b*), it is moved by the Honourable Senator Doody, seconded by the Honourable Senator Doyle, that this bill be read the third time later this day. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, we are giving leave on the understanding that there will be Royal Assent this afternoon. On that basis, we are prepared to let this bill go forward.

Motion agreed to.

MEETING NEW CHALLENGES: CANADA'S RESPONSE TO A NEW GENERATION OF PEACEKEEPING

REPORT OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS TABLED

Hon. R. James Balfour: Honourable senators, I have the honour to table the eleventh report of the Standing Senate Committee on Foreign Affairs.

This report, which deals with the examination of matters relating to national security and defence and the future roles of Canada's armed forces, is entitled, "Meeting New Challenges: Canada's Response to a New Generation of Peacekeeping."

Honourable senators, this report represents a culmination of approximately 10 months of study since the subcommittee was established in March 31, 1992 by the Standing Senate Committee on Foreign Affairs. As its first object of study, the subcommittee selected an examination of Canada's contribution to international peacekeeping. We began hearing witnesses in May of 1992. We were interrupted by the summer recess and by the referendum campaign, but then resumed our inquiries with a visit to the United Nations in New York in late October, followed by hearings in Ottawa in the late fall.

I would like to pay tribute to the hard work of all the committee members. Permit me, however, to single out two members for special mention.

First, let me thank the subcommittee's deputy chairman, Senator Corbin, who has taken a serious interest in all of our deliberations, and who has always brought us back to the key issues affecting ordinary Canadians — what he calls the human element.

As well, I thank Senator Stewart, the chairman of the Senate Foreign Affairs committee, who has been a consistent and constructive participant throughout our deliberations. The report is a much sounder one because of the active involvement of both of these senators at every stage.

In the course of its inquiry, the subcommittee heard from a wide variety of expert witnesses drawn from the departments of External Affairs and National Defence, the United Nations and from academic and diplomatic circles.

During the course of our study, it became increasingly clear that the new era in international relations — the post-Cold War era — requires a very different type of peacekeeping. The new era in peacekeeping, what the committee has called "second generation peacekeeping", involves concepts and techniques which diverge significantly from traditional practices.

We have seen this, for example, in the operations in Cambodia, Yugoslavia and in Somalia, and such operations have several characteristics in common. They tend to be larger in scope and numbers than traditional peacekeeping operations. They tend to be more administratively complex, involving a wide range of both civilian and military personnel. The rules of engagement for the military tend to be less restrictive than before. Their objectives are broader and more ambitious. In some cases — such as Cambodia and quite likely Somalia — they entail the complete reorganization of the government and civil administration, virtually a form of "nation-building."

All these factors point to the fact that the world is witnessing, with increasing and disturbing frequency, the inability of some nation states to cope with the problems besetting their countries. There are now numerous instances of a new phenomena, what has been called "the failed nation state"; namely, states that are utterly incapable of sustaining themselves as members of the international community. The result — in Cambodia and Haiti, in Yugoslavia and Somalia, in Sudan, Liberia, and Mozambique — is a spiral of violence and anarchy which devastates their own populations and threatens their neighbours through refugee movements, political instability and random warfare.

There is no easy answer for these new developments. There is no easy remedy which the international community — much less Canada — can provide that will make these difficult situations less treacherous. We in Canada, together with our allies in the west, are obliged to grope for answers in a time of fiscal restraint when many Canadians are demanding a "peace dividend" rather than more commitments and engagements of Canadians overseas.

Given these circumstances, the expanding needs of the international community, together with Canada's interests and limited resources, demand continued innovation, clear thinking, the wisdom and courage to be selective when deciding whether or not to participate in missions, and continuing consultations by the government with an interested and well-informed public. We can ask no more than this, but we can expect no less.

The key question is selectivity — whether or not Canada should participate in peacekeeping missions and how this should be decided. As we say in the concluding chapter of the report:

> Only if the government delineates a clear set of criteria will it be able to defend its choices. One criterion should be whether the conflict has direct implications for Canada's security. A serious threat in the Middle East, for example, probably would meet that criterion. Another would be whether the conflict affects a significant trading partner or, if not, whether it has implications for any other of Canada's trading partners...
>
> Still another factor should be humanitarian concerns. In humanitarian situations, however, the government should determine whether it aims to provide only short-term treatment for the symptoms or whether it aspires to correct the underlying socio-economic and political circumstances.
>
> Regardless of the particular arguments for engaging in peacekeeping in any situation, one question always ought to be asked: What is the likelihood of achieving the specified goal within a reasonable period of time?

Implicit throughout the report is the sense that the government's rule of thumb for future involvement should be to consider first those places where Canada's strategic interests overlap with our moral concerns. These deserve to be the priority for Canadian policy.

Today, when the possibility of rethinking some of the basic concepts and techniques of the United Nations is at hand, Canada's presence and participation is welcomed. The answers we give could have profound implications for the shape of Canada's armed forces, the practice of future peacekeeping, and the evolution of the United Nations.

On motion of Senator Balfour, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

FISHERIES

REPORT OF COMMITTEE PRESENTED

Hon. Eileen Rossiter, Chairman of the Standing Senate Committee on Fisheries, presented the following report:

Thursday, February 25, 1993

The Standing Senate Committee on Fisheries has the honour to present its

SECOND REPORT

Your Committee, which was authorized by the Senate on Tuesday, May 19, 1992 to study and report upon the

current conditions and future prospects of Canada's Atlantic commercial inshore fisheries and any related matters, respectfully requests that the date of presenting its final report be extended from March 31st, 1993 to June 30th, 1993.

Respectfully submitted,

Eileen Rossiter
Chair

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

On motion of Senator Rossiter, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

THE ESTIMATES, 1993-94

NATIONAL FINANCE COMMITTEE AUTHORIZED TO STUDY ESTIMATES

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*f*), I move:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Estimates for the fiscal year ending March 31, 1994.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

• (1420)

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): With leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

THAT when the Senate adjourns today, it do stand adjourned until Monday next, March 1, at eight o'clock in the evening.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

COMMUNICATIONS

NATIONAL UNITY ADVERTISING CAMPAIGN — PLACEMENT OF CONTRACTS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, yesterday I directed some questions to the government leader concerning the national unity advertising campaign of 1992. In his answer to my questions about whether there was a tendering process, Senator Murray said:

... there was a competitive process.

I should like to know about a certain aspect of that competitive process. A lengthy letter, written by the Leader of the Government and published under the heading of "Rebuttal", appeared in the Ottawa *Citizen* on February 9, 1993. In that letter, Senator Murray said that six advertising agencies —

...were convened to a meeting in Ottawa in June, 1991, briefed by officials and invited to consider and prepare general communications themes on "Canadian Unity."

Where was that meeting held?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I should have to make inquiries on that matter. It was held in Ottawa somewhere.

Senator Frith: Was there a meeting, and was that the same meeting as was held, or alleged to have been held — I do not mean that in a pejorative way — at the Café Henry Burger in Hull? Perhaps he could check that, too.

Senator Murray: Now that the honourable senator raises that point, I have been told that at least one of the meetings in that series was held as part of a business lunch or business dinner at the restaurant named by the Leader of the Opposition.

Senator Frith: Can he tell us who was present, the individuals and the companies they represented? Particularly, was Senator Murray present? Were departmental officials present, and can he tell us who those officials were? Were non-departmental people or political staff present, and, if yes, who were they?

Senator Murray: No, honourable senators, I do not, as a matter of practice, nor does any minister that I am aware of, attend such meetings held in the competitive process for an advertising campaign; nor does any member of my personal staff, nor any member of any other minister's personal staff.

I think the article to which the honourable senator referred, an article which appeared over my signature in the Ottawa *Citizen* some weeks ago, listed the names of the agencies that competed in this process, and those names will be placed on

the record by the Deputy Leader of the Government in a delayed answer in a few minutes.

• (1430)

The names of those public servants who adjudicate the presentations by the various agencies were also listed in that article. As I recall, they were from the Privy Council secretariat, Federal-Provincial Relations and the Department of Supply and Services. There were five or six of them.

Senator Frith: Honourable senators, perhaps we can have the names of the persons who did attend the meeting, although Senator Murray did not attend it.

Senator Murray: Yes.

NATIONAL UNITY ADVERTISING CAMPAIGN—EXTENT OF DISCUSSIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I had two other questions on this subject. The Leader of the Government has answered one of them; it was this: Does Senator Murray consider the meeting at the Café Henry Burger a part of the competitive process that he was talking about? I take it he did consider the meeting a part of the process, because he referred to it as a process that he did not normally attend.

The last question on this subject — for today, at any rate — is this: Was the national unity campaign discussed at that meeting, or was the discussion limited to the proposed design of a two-page advertisement which appeared in *Maclean's* magazine the following month?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not know for sure at what stage of the process the business lunch or dinner was held. I am informed by the public servants who attended the meeting that the discussion was not restricted to a particular two-page advertisement to appear at some future date in *Maclean's* magazine.

I do know of my own certain knowledge what the background of the whole process was. The background was that in the spring of 1991 the government knew that, for some months to come, we and the country would be facing a situation in which the constitutional issue, the national unity issue, would be front and centre in the preoccupations of the government and Canadians.

For example, by that time, as a result of the deliberations of the Allaire Committee of the Liberal Party in Quebec, and of the Belanger-Campeau Commission in Quebec, I think we knew that there was a strong possibility of a referendum scheduled in that province for the fall of 1992. Under those circumstances — and this is where I came into the picture as chairman of the Cabinet Committee on Communications — we felt it was important that the federal government take every step available to us to reinforce the unity of the country, including such steps as were possible through our normal communications efforts.

Therefore, as the honourable senator will recall, on the occasion of the 125th anniversary of Confederation, the anniversary of the Battle of Vimy Ridge and a number of other occasions that arose, we used our normal communications vehicles to reinforce the unity messages we wanted to get across. That was the background to the series of meetings which were held in the spring and summer of 1991 to which advertising agencies were invited, and at which they presented various conceptual and creative concepts and other work to show us how they could assist in reinforcing the unity message in our various advertising programs.

There was never any question of that process focusing for very long on a single two-page advertisement in a magazine. It was a question of using all of the occasions and all of the vehicles that would be open to us over the succeeding year or more to reinforce the unity message.

Senator Frith: Honourable senators, my questions of today and yesterday on this matter were not intended as what might be called rhetorical questions but, rather, questions seeking information. The government leader has obliged by giving information and promising to give other information, so I will leave that subject.

THE CONSTITUTION

PURCHASE OF MEDIA TIME AND SPACE

Hon. Peter A. Stollery: Honourable senators, I have in my hand the response of Senator Murray to a question I asked of him on December 2, 1992. The response sets out the expenses incurred by the government during the period of the referendum for the purchase of media space from Genesis Media.

My question in December concerned the amount of money spent on several themes. The themes were: the Federal-Provincial Governments want a constitutional agreement; the Shop-Canadian campaign; and the Canada 125 campaign. According to the response, from August 31 to September 27, the expenses amounted to $7,564,246. From September 28 to November 1, which I think can be recognized as the period during which the referendum campaign took place, the expenses amounted to $30,385,488.

Right after that, the amount spent dropped to about $8 million, after which time it dropped to about $3 million. In other words, in the period around the referendum, approximately $39 million was spent on advertising regarding the Constitution.

As I understand the response to my question of December, the $39 million was not spent on the Canada 125 campaign or on the Federal-Provincial governments want a constitutional agreement campaign. Apparently, those are separate campaigns and moneys spent with respect to them are not included in these figures.

For the edification of honourable senators, the $39 million does not include the cost of the little blurbs that appeared on your television screens during the campaign. That was paid for out of moneys from a separate budget. I have not seen the article to which Senator Frith has referred, and am basing my question on the question which I asked in December and the response to it.

I am trying to figure out just what this $39 million was used for. It is clear that it was not spent on the Federal-Provincial governments want a constitutional agreement. No advertising was done by Genesis Media for the Canada 125 campaign. On what was this almost $39 million spent? That is a great deal of money. The spending seemed to reach a terrific crescendo during the referendum debate.

• (1440)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will reread the question that my friend asked on December 2, and I will reread the written reply that was brought in, and try to clear up any ambiguity. I do not want to contribute to the ambiguity, but it occurs to me there may be some confusion concerning what the honourable senator calls Canada 125.

Canada 125 was a separate agency. I think it is fair to call it an arm's length agency that may have done some advertising, but it was responsible for coordinating celebrations of the 125th anniversary of Confederation across the country.

The campaign that Senator Frith and I have been talking about was an advertising campaign sponsored by the Department of the Secretary of State that focused on the 125th anniversary as a way of reinforcing our commitment to Canadian values and the privilege that we all have in belonging to such a great country.

Senator Stollery: Honourable senators, in order to make this matter easier to follow, I will just read from the delayed answer that I received the other day:

> The following costs were incurred by the government in order to purchase media space from Genesis Media during the months of September and October 1992:
>
> | | |
> |---|---|
> | August 31 - September 27 = | $7,564,246.62 |
> | September 28 - November 1 = | $30,385,488.12 |
> | October 19 - October 25 = | $8,366,217.51 |
> | October 26 - November 1 = | $3,270,571.32 |

I see in those figures quite a growth and then a sudden drop-off once the referendum campaign was over.

Senator Murray: You mentioned several campaigns, senator, one of which, as I recall, was what you called "Shop-Canadian"?

Senator Stollery: Yes. I was about to complete the quotation.

> A Shop-Canadian outdoor advertising campaign ran for four consecutive weeks effective August 31st 1992, at a cost of $581,666.50 (excluding GST).
>
> In reference to the other two campaigns: Canada 125 and Federal-Provincial Governments want a constitutional agreement, no purchasing was done by Genesis Media.

In order to make it clear to the Leader of the Government in the Senate, what I want to know, and what does not appear to be explained here, is what this $39 million was spent on.

AGRICULTURE

CANADIAN WHEAT BOARD—CRITICISM BY UNITED STATES FARM LEADERS—QUESTION WITHDRAWN

Hon. H.A. Olson: Honourable senators, I am about to do something a little unusual. Last Tuesday, I asked the minister about a misunderstanding that I believe is prevalent amongst United States farmers concerning the activities of the Canadian Wheat Board. I said I thought that misunderstanding could lead to severe difficulties for the Canadian Wheat Board. I want to advise the minister that I attended an agriculture meeting in the House of Commons this morning. The Canadian Wheat Board was present. The information that I had asked for in the question I just referred to was satisfactory. Therefore, I withdraw that question.

CHILD POVERTY

DEFINITION OF POVERTY—CLARIFICATION OF GOVERNMENT POLICY

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I want to ask the Leader of the Government in the Senate for a clarification of government policy.

Yesterday, in the *Globe and Mail*, there was an indication that the government is considering changing the definition of "poverty" in order to tackle particularly the problem of child poverty. The idea seems to be that child poverty could be solved by changing the definition of "poverty" so that not as many children fall into the definition. Perhaps to say "solved" is rhetorical, but the idea is that there would be some benefit to changing the definition of "poverty" in such a way that not as many children fall into that definition.

Could the Leader of the Government tell us if the government is planning to change the definition of "poverty" as a method of dealing with the child poverty problem?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I cannot comment on a report in a newspaper on that or any other matter. On the substance of the question, I shall make inquiries.

Senator Frith: I agree with the distinction between agreeing with the words of a report and dealing with it as the basis of a question for government policy.

On the same issue, a question is raised as to whether the present definition of "poverty" or definition of the "poverty line" results in an exaggeration of the statement that over 1 million children now live in poverty. When clarifying government policy on the question I have just asked, could the Leader of the Government tell us whether the government believes there are over 1 million poor children in this country? If not, how many poor children does it say there are, according to the present test or any new test?

Senator Murray: Honourable senators, this would be an interesting subject for research and debate. Let me say that if you use statistical criteria for measuring poverty, then you can be 100 per cent sure that you will always have a certain percentage of the population, according to those criteria, living in poverty.

Senator Frith: Yes, honourable senators, I agree that it would be an interesting subject for debate and research. On both scores, we might start —

Senator Murray: But research first.

Senator Frith: Well, not necessarily, for reasons I will explain.

If the government can give us an answer to the question I have asked, then I agree with the Leader of the Government that it might be very useful to have an inquiry on the subject generally, and it might very well be useful to have that inquiry referred to a committee that could do more research on the subject.

THE SENATE

STATUS OF "DIVISIONAL" APPOINTEES—STATUS OF GOVERNMENT LEADER AND OF SPEAKER

Hon. Royce Frith (Leader of the Opposition): Yesterday, I asked this question of the Leader of the Government in the Senate at page 2807 as reported in the *Debates of the Senate*:

> Is there any hope that the Prime Minister's "divisional" appointees to the Senate will follow their leader's excellent example of today?

The Leader of the Government responded, "Dream on".

For further stuff on which we might dream, is there any hope that the Prime Minister's appointees to the leadership and to the Speaker's chair in this place might follow their leader's excellent example soon?

Hon. Lowell Murray (Leader of the Government): None whatever, honourable senators.

Senator Doody: With all due modesty.

Senator Frith: Speaking for all of the above-named, I assume.

• (1450)

BORROWING AUTHORITY BILL, 1992-93 (NO.2)

USE OF GOVERNOR GENERAL'S SPECIAL WARRANTS

Hon. John Stewart: Honourable senators, the government is asking Parliament to authorize several billion dollars of extra borrowing authority. Most of that, if granted, will be available for use in the current fiscal year; in the fiscal year ending March 31, 1993.

We know that there are expenditures which have not yet been put before Parliament in the form of Estimates. Will the Leader of the Government in the Senate give an assurance, before he deals conclusively with the borrowing authority bill, that the Senate will have an opportunity to deal with the normal set of Supplementary Estimates?

Hon. Lowell Murray (Leader of the Government): My friend is asking for Supplementary Estimates, is he not?

Senator Stewart: The Supplementary Estimates which deal with the fiscal year ending March 31, 1993. I will repeat my question.

Senator Murray: I understand the question. I am not sure I know the answer. My friend is asking that the Senate have an opportunity to deal with the final Supplementary Estimates for the fiscal year which ends next month?

Senator Stewart: That is right, yes.

Senator Murray: I do not know why the honourable senator would be in any doubt about our intentions in that regard, or indeed the requirement that we do so. If he is concerned that we face prorogation or worse in the next little while, my educated guess is that we do not.

Senator Stewart: The reason I ask the question is that the present government in the present Parliament has indeed carried on using Governor General's Special Warrants and has argued that monies may be taken from the Consolidated Revenue Fund by means of Governor General's Special Warrants to cover any purpose that would be dealt with in Estimates, Main or Supplementary.

Consequently, there is a possibility that, for reasons that seem convincing to the government, the final Supplementary Estimates would not be dealt with and that the moneys would be expended on the basis of Governor General's Special Warrants.

We are being asked today to put money into the Consolidated Revenue Fund, and so I am asking the Leader of the Government in the Senate for assurance that that money will not be spent in the current fiscal year by means of Governor General's Special Warrants.

Senator Murray: Honourable senators, we would not be using the warrants while Parliament was sitting. There would be no cause for us to do so.

Senator Stewart: That, of course, is obvious. It is not legal to do so. But it is possible to adjourn or to prorogue.

Senator Frith: As you have done in the past, and we made a fuss about it.

Senator Murray: To set the honourable senator's mind at ease, today is February 25. We all know that an announcement was made yesterday by the Prime Minister as to his intentions, but there is still a fairly heavy and, in some cases, quite important legislative agenda in the other place. I would expect that Parliament would continue sitting for some months leading up to the holding of a leadership convention and the swearing in of a new Prime Minister.

I see no reason why we would not follow the normal course of bringing in the final Supplementary Estimates for 1992-93 at the appropriate time. I will confirm that understanding as soon as I have an opportunity to do so with my ministerial colleagues.

Senator Stewart: But in the meantime, we are being asked to authorize several billion dollars of borrowing on the basis of your understandable expectations.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have answers to questions asked by Senator Perrault on February 24 regarding the situation in Armenia, and on the same day by Senator Frith regarding advertising contracts for Canada 125.

ARMENIA

REQUEST FOR HUMANITARIAN AID—GOVERNMENT RESPONSE

(Response to question raised by Hon. Raymond J. Perrault on February 24, 1993)

We are providing $500,000 in humanitarian assistance to Armenia. We continue to work closely with the Red Cross to see how Canada can help Armenia and other countries of the Transcaucasus. Our assistance to Armenia has concentrated on medicine and medical supplies. The Red Cross can provide food and other aid more quickly and economically than if sent directly from Canada.

We call on all parties in the Nagorno-Karabakh dispute to stop the senseless killing. Only dialogue can resolve this regrettable conflict. Armenia and Azerbaijan are both members of the CSCE. We urge them to proceed with CSCE-sponsored peace talks.

COMMUNICATIONS 125

NATIONAL UNITY ADVERTISING CAMPAIGN—PLACEMENT OF CONTRACTS

(Response to question raised by Hon. Royce Frith on February 24, 1993)

The $21 million national unity government advertising campaign did not consist of one single contract. There were a series of contracts formed as the campaign developed.

The two agencies involved in this campaign, Palmer Jarvis and PNMD Publitel, were responsible for the conceptual, creative and production work. The actual placement of the ads - the buying of space from the media - was the responsibility of Media Canada, a group under contract with the Department of Supply and Services.

There were no other ad agencies involved in this campaign.

The companies involved in the competitive process were Académe of Montreal; Burghardt, Wolowich, Crunkhorn of Toronto; Camp Associates of Toronto; La Boîte à Idée of Montreal; Palmer Jarvis of Vancouver; and Publitel of Montreal.

ORDERS OF THE DAY

BORROWING AUTHORITY BILL, 1992-93 (NO.2)

THIRD READING

Hon. C. William Doody moved third reading of Bill C-98, to provide additional borrowing authority for the fiscal year beginning on April 1, 1992.

Hon. H. A. Olson: Honourable senators, as Chairman of the Standing Senate Committee on National Finance, I should say a few words about Bill C-98. It is a bill to provide additional borrowing authority for the fiscal year beginning April 1, 1992. It was introduced in the House of Commons on December 2, 1992, by the Minister of Finance in conjunction with the economic statement that he made then. It requests a borrowing authority of $8.2 billion in addition to the $24.7 billion already approved by the Parliament under Bill C-61 in April of last year.

Bill C-98 was reviewed by the Standing Senate Committee on National Finance at a meeting on February 24, 1993, at which the Minister of State (Finance and Privatization), the Honourable John McDermid, appeared as the main witness, accompanied by officials of the Department of Finance. At the conclusion of the minister's appearance, the committee voted to approve the bill without amendment.

Honourable senators, the use of separate borrowing bills is of fairly recent vintage. Prior to 1975, the government's request for borrowing authority was included as a $1 item in the Main Estimates and formed part of the associated appropriation bill. Additional borrowing authority, when necessary, was sought through Supplementary Estimates and appropriation bills. In December 1975, this procedure was ruled out of order by the Speaker of the House of Commons because it provided no opportunity for debate on the issue. Since that time, requests for borrowing and supplementary borrowing authority have been made through the introduction of stand-alone borrowing bills such as Bill C-98.

Section 47 of the Financial Administration Act authorizes the government to borrow additional amounts on a week-by-week basis when its borrowing authority has been exhausted, without the necessity of returning to Parliament in some cases, even if Parliament is sitting at the time. Under section 47, however, such additional borrowing is restricted to the issuing of treasury bills of less than six months maturity.

At the committee meeting of February 24, the minister stated that, of the borrowing authority provided under Bill C-61, about $800 million remained and it was expected that this would be exhausted in a few days, thereby requiring the government to resort to the authority of section 47 in order to complete the next auction of treasury bills.

At the request of the Standing Senate Committee on National Finance, the Department of Finance has prepared two tables that will be appended to the committee's *Proceedings* for Wednesday, February 24. The first is a chronology of previous supplementary borrowing authority bills from December 1975 to February 1987, which is the last time the government introduced such a bill until the present Bill C-98. The second table lists the occasions when the authority of section 47 of the Financial Administration Act was invoked from March 1983 to its most recent use in April 1992.

• (1500)

Honourable senators will note that in recent years under section 47, borrowing has typically taken place in the fiscal year when the borrowing authority granted the previous spring had been exhausted. The government has not thought it necessary, from 1987 until this year, to introduce a supplementary borrowing bill. Additional borrowing authority of $8.2 billion is being requested in Bill C-98 because the deficit for the 1992-93 fiscal year is now expected to total $34.4 billion instead of the $27.5 billion projected in the budget of February 25, 1992. The 1992-93 financial requirements are currently estimated to be $30.5 billion, which is an increase of $10.8 billion over the Budget projection.

The minister informed your committee that this slippage is totally the result of lower than expected revenues, caused in turn by a continued and unanticipated lower rate of economic growth. The additional expenditure restraints announced in the December 1992 Economic Statement, some of which are included in Bill C-113, have yet to be approved by Parliament and will keep spending on the levels projected in the February 1992 Budget and below the limit set out in the Spending Control Act.

Figures prepared by the Department of Finance indicate that, although revenues from the unemployment insurance contributions and sales and excise taxes and other duties have increased in 1992-93 as compared with the 1991-92 fiscal year, revenues from personal and corporate income tax and the Goods and Services Tax have all fallen. The personal income tax revenue has declined by 7 per cent and the corporate income tax has declined by 27 per cent as compared between those two years.

Consequently, the total revenues have fallen or failed to increase by the amount projected in the last budget, resulting in a substantial shortfall.

The Hon. the Acting Speaker: Honourable senators, it is moved by the Honourable Senator Doody, seconded by the Honourable Senator Carney, that this bill be read the third time now. Is it your pleasure, honourable senators to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "yeas" have it.

Senator Molgat: On division.

Motion agreed to and bill read third time, on division.

ROYAL ASSENT

NOTICE

The Hon. the Acting Speaker informed the Senate that the following communication had been received:

RIDEAU HALL

February 25, 1993

Mr. Speaker,

I have the honour to inform you that the Honourable Charles Gonthier, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 25th day of February, 1993, at 5:15 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

Anthony P. Smyth
Deputy Secretary, Policy, Program and Protocol

The Honourable
The Speaker of the Senate
Ottawa

CRIMINAL CODE

BILL TO AMEND — SECOND READING — DEBATE ADJOURNED

Hon. William Kelly moved the second reading of Bill C-69, to amend the Criminal Code (air and maritime safety).

He said: Honourable senators, most of my colleagues here will be aware of my long-standing interest in the subject of terrorism and in our ability as a nation and as a government to respond to terrorist threats.

Accordingly, I am pleased to sponsor Bill C-69, an Act to amend the Criminal Code (air and maritime safety).

Honourable senators, Bill C-69 implements the three anti-terrorism agreements that Canada signed in the spring of 1988, which are, first, the ICAO — International Civil Aviation Organization — protocol for the suppression of unlawful acts of violence at airports serving international civil aviation, that came into force August 6, 1989.

Second, there is the IMO, International Maritime Organization convention for the suppression of unlawful acts against the safety of maritime navigation.

Third, there is the IMO protocol for the suppression of unlawful acts against the safety of fixed platforms located on the continental shelf. This protocol obviously covers offshore oil and gas drilling platforms.

Both the IMO convention and protocol came into force on March 1, 1992. Incidentally, 34 of the signatory states have already ratified the ICAO convention by taking action analogous to Bill C-69. I believe that 15 states have ratified the IMO convention and protocol.

The fact that each of the three agreements is now operative on the international scene certainly puts more impetus behind the passage of Bill C-69.

For those of you honourable senators who, like me, are somewhat unfamiliar with the terminology of international law — I know that Senator Frith certainly is not, but I am — a convention is a master agreement among states. A protocol is an amendment or supplement to a convention. In other words, a protocol is subsidiary or junior to a convention.

In essence, Bill C-69 would extend the so-called "prosecute or extradite" principle in international law to offenders of any of these agreements. This means that Canada joins with other signatory nations in denying safe havens to perpetrators of terrorist or other criminal acts covered by the protocols. If Canada had jurisdiction, it would prosecute the offender. If Canada did not have, or chose not to exercise, jurisdiction, it would extradite the offender to a country that did, whether or not a separate extradition treaty existed with that country.

Existing ICAO and IMO protocols ensure that countries who are parties to these agreements assist each other in gathering evidence and otherwise to assist the prosecuting country in bringing the alleged offenders to justice. Furthermore, our government proposes to include the new offences within the list in Part VI of the Criminal Code so the courts may, with the usual protections, authorise wiretaps in the investigation of such offences.

• (1510)

The thrust of Bill C-69, including the application of extra-territorial jurisdiction for certain offences, is not new. In 1972, Canada adopted international agreements dealing with hijacking and other offences relating to aircraft. These agreements required extra-territorial or "universal" jurisdiction and were implemented through the amendments to the Criminal Code.

Since then, and not including the bill before us today, the Criminal Code has been amended four times to implement our international commitments, and each time involved the application of extra-territorial jurisdiction: one to safeguard internationally protected persons; two with respect to hostages and hostage-taking incidents; and another relating to offences using nuclear materials.

I should also emphasize, honourable senators, that the three agreements and Bill C-69 do not apply to terrorist incidents: politically motivated incidents of violence. The agreements and legislation apply to any criminal act of such a magnitude as to endanger, or likely to endanger, the safety of an airport, ship or fixed platform or the people contained therein.

Honourable senators, I continue to sense a growing complacency about terrorism. Some would say there have been no major terrorist incidents in Canada since the bus hijacking case that ended on Parliament Hill in April 1988. We all breathed a collective sigh of relief at the absence of any successful terrorist actions during the Gulf War. We recognize that the number of terrorist incidents in Europe has fallen off dramatically over the past few years.

In my opinion, honourable senators, terrorism is still far from dead. Traditional terrorism in the form of IRA bombings in London, England continue. In Peru, the *Sandero Luminoso* and similar groups in Latin America remain active.

In addition, we have the growth of narco-terrorism — the unholy alliances between drug lords and traditional terrorist organizations — and sometimes even governments — to create a lethal combination of well-financed, heavily-organized "terrorism for profit."

On the geopolitical scene, the Gulf War proved beyond a doubt that conventional warfare is clearly not the way for an outlaw regime to right perceived wrongs and grievances against other more powerful nations or against international coalitions.

As a consequence, honourable senators, in my opinion it is almost a certainty that, in the future, outlaw regimes will resort increasingly to strategic terrorism, using a range of surrogate or "terrorist for hire" groups as a very cost-effective and surgical way to upset the established international order and to torment the conventional powers.

An awesome range of weapons, including nuclear arms and other weapons of mass destruction from the former Soviet Union, are now more readily available to terrorists and increase exponentially the ability of the terrorists to wreak havoc in a society and to hold a government to ransom.

I believe it is folly to think that Canada is in any way immune from the scourge of terrorism. We share the longest undefended border with the world's only remaining superpower. This means that Canada has been, and continues to be, an attractive venue to stage terrorist incursions into the United States.

Canada's peacekeeping or peacemaking activities in some of the world's hot spots may be a catalyst for misguided terrorist attacks on Canadians or on Canadian interests around the world. I believe Canada currently is actively engaged in peacekeeping or peacemaking in 22 countries.

Canada has recently joined strategic alliances such as the OAS and trade agreements such as NAFTA that could raise Canada's profile as a target for terrorist actions.

We also have in Canada many foreign-owned or -controlled companies that may be the target of terrorist groups. We have a multicultural society whose members are sensitive to, and feel the impact of, events in their respective countries of origin. We also have our own home-grown groups and grievances, as the incidents at Oka illustrate.

Just as Canada is not immune from international terrorism, neither can Canada stand alone against international terrorism. The best defence against international terrorism is cooperation among nations and with international bodies in intelligence gathering and analysis, in response policies and strategies, and in enforcement.

This, in essence, honourable senators, is what Bill C-69 is all about: Building a progressively more effective international partnership to respond to terrorist and other criminal incidents.

I believe the bill is a straightforward and relatively simple bill. It is also a very important one, involving as it does Canada's international commitments to confront and confound terrorism and other crimes. As such, honourable senators, I commend this bill to you for approval.

Hon. M. Lorne Bonnell: Honourable senators, nothing in Parliament is simple. Therefore, I would like to adjourn the debate.

On motion of Senator Bonnell, debate adjourned.

TOBACCO SALES TO YOUNG PERSONS BILL

SECOND READING

Hon. Wilbert J. Keon moved the second reading of Bill C-111, prohibiting the sale of tobacco products to persons under the age of eighteen.

He said: Honourable senators, it is a pleasure to have the occasion to rise and speak on an item of legislation which has not only my strong personal support as well that of the entire medical community, but also the support of all political parties and the support of the people who will be affected by the legislation.

Bill C-111 will repeal the outdated Tobacco Restraint Act (1908) and replace it with the Tobacco Sales to Young Persons Act, which will be a more effective instrument in preventing young Canadians from acquiring the addictive and harmful habit of smoking.

There are several objectives which the government is addressing in Bill C-111. First, it updates the sanctions in the present legislation. Under the present act, possession of tobacco by minors is a criminal offence and penalties for vendors of tobacco to minors are very low: a maximum fine of $100 for merchants who sell tobacco to children under 16. The new legislation will decriminalize tobacco possession for minors, recognizing that a criminal record is an excessive penalty for a child or teenager to have a cigarette in his or her mouth.

At the present time, the bill puts the onus on the merchant by allowing for maximum fines of $1,000 for first offences, $2,000 for a second offence, $10,000 for a third offence and a maximum of $50,000 for fourth or subsequent offences. That maximum penalty is not intended to destroy the business of neighbourhood corner stores. It is intended primarily to be imposed on large retail stores or chains which prove to be chronic and systematic violators of the act.

Second, Bill C-111 will raise the legal age for tobacco purchase from 16 to 18. This is an important and progressive move, partly to establish a national standard — Prince Edward Island, New Brunswick, Ontario and Manitoba have already established 18 as the legal age for tobacco sales — and because it is during the teen years that smokers are most likely to adopt the habit. Any effort to discourage smoking during those formative years should be applauded.

• (1520)

It should also be emphasized that age 18 is being established as the minimum national standard. Provincial governments are free to legislate higher minimum ages, just as the four provinces I have mentioned have already done. I understand that Ontario and New Brunswick are already considering raising the minimum age to 19.

Third, the new act will restrict the location of vending machines to premises that are licensed for the sale of alcoholic beverages. That provision does not go as far as some would like. Many would like to see a complete ban on cigarette vending machines. There is some question, however, about Parliament's authority to do that while there is greater certainty about the legality of the less stringent approach of a partial ban proposed in this new law.

In addition, since the purpose of Bill C-111 is to prohibit sales to persons under age 18, it seems unreasonable to prohibit vending machines in premises where minors have no legal access. This does leave the problem of bars or taverns where minors do have access, but the act does impose an onus on the owners and managers of such premises to prevent sales to minors through vending machines and allows for the seizure of machines and their contents in the case of violations.

Fourth, the bill, in section 4(1), uses the phrase "in the course of a business" to define offences of tobacco sales. There have been concerns raised that this allows middlemen to get around the law and sell tobacco to minors. In fact, any individual providing tobacco to minors for profit would be violating the law. This phraseology is intended to avoid penalizing parents for providing tobacco to their children or, for example, the distribution of tobacco in aboriginal religious ceremonies.

Fifth, section 4(2) of the bill will exempt prescription of tobacco products by physicians from provisions of the law. Treatment of a minor addiction by nicotine gum or patches should not and will not be penalized, nor will the prescribing of any nicotine-based therapy which might be developed in the future.

Honourable senators, I mentioned at the outset that this bill has very widespread support. In an all-too-rare demonstration of parliamentary consensus, Bill C-111 passed through all stages in the other place in one day, on February 12, with unanimous approval. The opposition parties agreed that it should have swift approval and not run the risk of dying on the Order Paper if Parliament is prorogued. I fervently hope that we can achieve the same spirit of unanimity and speedy passage in this chamber. It would be particularly fitting if this legislation could go through all stages of both houses of Parliament during Heart Month.

It goes almost without saying that these measures have the strong support of the medical community. The Minister of Health has pointed out in speeches that, according to the tobacco industry's own research, most Canadians who began to use tobacco before age 25 were already regular cigarette smokers by age 16, and that few people have taken up smoking after their teenage years. This is the critical age group for smoke prevention.

That view echoed in the 1991 report of the Ontario Chief Medical Officer of Health, entitled *Tobacco and Your Health* which states:

> Smokers rarely begin their habit after age 20. Therefore, if we are to curb addiction, we must pay special attention to children and adolescents. If we can stop tobacco use at early ages, we can greatly reduce the numbers of adult users.

I have spoken before in this chamber about the hazards of smoking. Virtually every medical organization and association in the world, including the Royal College of Physician and Surgeons of Canada and the World Health Organization has condemned cigarette smoking and tobacco use. A report prepared for the Royal College by David Sacket, the chairman of the College's Health and Public Policy Committee, notes some interesting comparisons:

> Every 18 months, cigarettes kill more Canadians than all those Canadians who died serving their country throughout World War II. Canadians now die from smoking at a rate equivalent to the crash of a jumbo passenger jet every four days. If the number of cigarette smokers in Canada is to be kept constant, each week 800 children must begin smoking to replace the 800 people who have died of smoking related disease during that week.

In addition to these premature deaths, smoking results in increased absenteeism from work, more disabilities, more use of health care services, fire hazards and, as we are increasingly aware, greater risk to the health of non-smokers through the exposure to second-hand smoke.

The Royal College has recommended, among other measures, that children should be discouraged from smoking. Bill C-111 will help to achieve that goal. One of the goals of the National Health Strategy is to help non-smokers to stay smoke free. Bill C-111 will further that aim and do so at a critical age. The legislation will also help to build on the foundation laid by such government programs as the Peer Assisted Learning Smoking Prevention Project; the "Break Free/Fumer c'est fini" public awareness and information campaign designed to appeal to youth groups, and Quit 4 Life, one of the many teen cessation programs now under way.

I am very encouraged, honourable senators, to note that there is substantial support for this legislation among what we might call the target group for it. People who smoke or might start to smoke tobacco and people who sell it to them have strongly supported this legislation.

We are fond of quoting the frightening statistics that 100,000 children and teenagers still take up this dangerous habit each year, and it is clearly to be hoped that Bill C-111 will help substantially to lower that statistic. However, we should not ignore the fact that the vast majority of young people do not smoke and do not encourage their peers to do so. To cite again the Ontario report, *Tobacco and Your Health*:

> Some trends bode well for the future. Since 1979, tobacco use among adolescents has greatly declined. At the same time, the age at which they first use tobacco appears to be rising.

Smoking has declined among Ontario adolescents from about one-third of the group in 1979 to under 25 per cent in 1991. I believe it is safe to presume that the non-smoking majority of adolescents would support the restrictions in this legislation.

In addition, a poll released February 11 by the National Campaign for Action on Tobacco, showed that the majority of both smoking and non-smoking Canadians are in favour of measures to curb tobacco use by minors. Seventy-six per cent of those polled were in favour of preventing access to vending machines by minors, and in fact the vending industry supports the principle of restricting access.

Most important, the retail industry strongly supports Bill C-111. It is the support of the retailers which will be most vital to the success of this legislation. The new penalties in the act will be substantial. Some communities, such as Ottawa and Edmonton, already license tobacco retailers, so they face the threat of losing their licence if they violate the law. However, licensing is a provincial and municipal prerogative and cannot be incorporated into the act by the federal government. Effective enforcement of Bill C-111 must begin with the will of retailers themselves. In that light, the strong support of the Retail Council of Canada is very welcome. The Council issued a press release on February 11 which begins as follows:

• (1530)

> A coalition led by the Retail Council of Canada today announced an aggressive re-launch of a national campaign to reinforce to retailers, their employees and customers that it is illegal to sell tobacco products to minors. The campaign is endorsed by the Canadian Association of Chiefs of Police (CACP) which also endorsed the coalition's recent call for a uniform, Canada-wide minimum age of 18 for the sale of tobacco products.

That coalition, whose national campaign is now under way, includes the Canadian Automatic Merchandising Association, the Canadian Council of Grocery Distributors, the Canadian Federation of Independent Grocers, the Canadian Tobacco Manufacturers' Council, and the National Association of Tobacco and Confectionery Distributors.

In a speech given in Toronto that same day, February 11, the president of the Retail Council, Mr. Alasdair McKichan, went beyond simply supporting Bill C-111. He pointed out:

> Last September, the coalition wrote to the then federal Minister of Justice, Kim Campbell, federal Health Minister Benoit Bouchard and the attorneys general of the six provinces where the minimum age is still 16, to urge immediate action to establish a uniform minimum age of 18 for the sale of tobacco.

In conclusion, honourable senators, this bill has the support of most Canadians, smokers and non-smokers alike; of all political parties; of the medical community; and of the businessmen who make and sell tobacco products. It is a measure designed to help promote the health of future generations of Canadians. I strongly urge you to give it your unanimous support.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I thank Dr. Keon for his contribution to this bill which we all hope will be an important step towards removing one very serious threat to the health of young Canadians. This bill, the Tobacco Sales to Young Persons Act, is a part of the public recognition that smoking is damaging to health, and that the battle to eliminate tobacco use as a part of our culture must extend to our nation's youth.

I have three points I wish to make, honourable senators. First, I want to illustrate how smoking can affect everyday lives by providing you with a case study, perhaps a hypothetical model, as the economists call it; secondly, I will examine the proposed bill; and finally, I will raise some concerns which I hope will be addressed in the committee.

First, let us take a young woman whom we will call Mary as our hypothetical example or model constructed on available statistics. I chose Mary as an example because, in 1991, 25 per cent of female teens were smokers compared with 19 per cent of male teens.

Continuing on the statistical model, Mary first tried smoking at the age of 10. That is not unusual. It is estimated that by age 12, half of all school children have experimented with cigarette smoking. We also know through research that the younger a person starts smoking, the more likely that person will remain a smoker and smoke more heavily throughout their lives.

By the age of 15, Mary is hooked. She can no longer go a day without a cigarette and often experiences "nic fits", causing her to leave the school grounds to have a smoke. Most smokers develop an addiction to tobacco, as Senator Keon said, between the ages of 10 and 18 years. In fact, the average age of addiction onset is 15 years, so our Mary fits well with the statistics.

She might have been saved. Had she not started smoking before the age of 19, again as illustrated by the statistics put forward by Senator Keon, the probability of her starting to smoke would have been greatly diminished. Mary is now, however, one of Canada's 6.4 million smokers who average 24 cigarettes a day. She is also part of the two-thirds of all smokers who want to quit.

Let us follow the life of our young friend to find that she is now married and pregnant. As a smoking mother, she faces higher risks of low birth weight, complications during pregnancy, miscarriages and still births. More babies of mothers who smoke die within one month of birth than the babies of non-smoker mothers.

On into her late 30s or early 40s, we find that Mary's chances of living a long life are greatly diminished. Remember, she began smoking at 10 years of age and was addicted by age 15. The younger a person starts smoking, the more likely that person will suffer from tobacco-related diseases and die prematurely. In fact, cigarette smokers have a cancer death rate that is at least twice the rate of non-smokers. Smoking is estimated to be responsible for more than 30 per cent of all cancer deaths. Mary, who is now a heavy smoker, runs almost four times the risk of heart disease than her smoking husband, and he runs twice the risk of heart disease than their non-smoking son.

In Canada, it is estimated that, in 1989, over 38,000 Canadians died from tobacco-related diseases. Senator Keon pointed out the relationship between that and death in war-time. One in five of all deaths are caused by tobacco. That is almost four times the combined number of deaths due to traffic accidents, suicides, AIDS, murders, fires, and accidental poisoning. By 1995, annual deaths in Canada attributable to smoking are expected to climb to 45,000. Thus smoking has deprived our friend Mary, who began smoking as a child, of a long and healthy life.

Enter Bill C-111. What is its role? In short, it proposes to restrict the access of children to tobacco products. The sale of tobacco and tobacco products is currently governed by the Tobacco Restraint Act which dates back to 1908. Under that act, possession by minors, defined as those under 16 years of age, is a criminal offence. However, the penalties in the act for those who sell such products to children are too low to provide an effective deterrent. The act is outdated. It was not designed to deal with the magnitude of today's tobacco use by young Canadians.

Bill C-111, the bill before us, would repeal the Tobacco Restraints Act and replace it with the Tobacco Sales to Young Persons Act. The purpose of the new act is to protect the health of young persons by restricting their access to tobacco. Honourable senators will find that in clause 11 on page 5 of the bill.

Under the new legislation, in clause 4, anyone who, in the course of business, sells or gives any tobacco product to a minor would be liable to a fine. The age of a minor will be increased from 16 to 18 years, as Senator Keon mentioned. The fine for selling or giving tobacco products to minors will also increase in Clause 4: $1,000, first offence; $2,000, second offence; $10,000, third offence: and $50,000 for any subsequent offence. Under clause 4 (3), a mistake of age will not be considered a defence for any of these charges.

• (1540)

In clause 5 of the bill some restrictions on cigarette vending machines are also proposed. Vending machines will only be permitted in bars and taverns. If an establishment with a vending machine allows minors to enter the premises, the placement of the vending machines will have to comply with regulations.

The bill also requires that anyone who sells tobacco products erect a sign stating that it is prohibited to sell or give tobacco products to anyone under age 18. The sign will be required to comply with regulations. Anyone failing to erect a sign will be guilty of an offence and liable to a fine of up to $250.

The Minister of National Health and Welfare is the one authorized to designate enforcement officers to ensure that the bill is being complied with.

Honourable senators, we on this side of the chamber will be supporting this legislation. It places a high value on the lives of Canadian children and wants them to live as long and healthy lives as possible. This principle is also recognized in Bill S-19, proposed by Senator Haidasz. He has long been trying to gain support for this issue, and introduced the bill last December. We wonder why the government did not use Senator Haidasz's bill as a model for their own. Senators have received a memo explaining why the government bill falls short of the standards proposed in Bill S-19. These differences should be examined in committee.

The memo I refer to, a copy of which the committee will have before it, I am sure, questions the enforcement provisions in the bill. Bill C-111 provides that the minister can designate enforcement officers. However, as the memorandum points out, the provisions are vague. How many officers does the minister plan to designate? Will it be one for every province? Will there be one for every region, or one for the entire country? What will their powers be? These are good questions for the committee to consider.

The bill states that the enforcement officer may enter any place where the public has access to tobacco products, but does not state what he or she may do should there be an offence. Will the officer write out the fine or confiscate the products?

On the matter of fines, are these fines high enough to act as a deterrent? Is the possibility of being fined $1,000 enough of a deterrent when compared with the revenues which may accrue from vending machines and selling to minors? Remember, honourable senators, there are a lot of minors who smoke. On average, they become addicted, as we found, by age 15. Why does the bill impose fines which can be factored in as a cost of business — almost a licence fee to break the law? That is what we used to call them when I was prosecuting combines cases. The maximum provided in the Criminal Code for fines, as I recall it, was $10,000. The profits that were being made by the price-fixing conspiracies, of course, were huge multiples of that sum.

If there are to be fines, must they not seriously act as a deterrent? Certainly they do not under the present law. While there is an increase in the penalties under the proposed law, is it high enough? That is something for the committee to examine; something for the minister and his officials to explain.

What else is being done to attack the problem of youth smoking? I have seen the "Break Free" commercials on television, as perhaps many of us have. I think they are good. What other methods are being used to educate children about the use of tobacco? What about larger warnings on cigarette packages? When will new regulations addressing this issue be brought forward?

Finally, what will be done to help those children who are already addicted to smoking? They will no longer be able to purchase cigarettes, so they will be forced to quit cold turkey. Even adults who quit cold turkey find it tough. We can have commercials telling them to "break free", but should we not be telling them who they can consult and what help they can get to take that advice? Are there any programs in place for these children? If so, how will they find out about them? Will they be included in any advertising programs?

These are some of the issues addressed in the memo to which I referred. I hope they will be examined closely by the committee. I hope that when the committee examines the legislation, it will have reference to the debates presented in the Senate and the points raised by Senator Keon and myself. Perhaps we will have the minister here to explain how each of these concerns can be dealt with.

The stated purpose of the bill is laudable. Canadian children should have every chance to live long and healthy lives. Anything that discourages them from smoking is worth enthusiastic support. This bill does so, and should get such enthusiastic support.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Keon, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

[*Translation*]

DIVORCE ACT FAMILY ORDERS AND AGREEMENTS ENFORCEMENT ASSISTANCE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Thérèse Lavoie-Roux moved the second reading of Bill C-79, to amend the Divorce Act and the Family Orders and Agreements Enforcement Assistance Act.

She said: Honourable senators, it is a pleasure for me to speak today on second reading of Bill C-79, to amend the Divorce Act and the Family Orders and Agreements Enforcement Assistance Act.

This bill brings together a series of changes to improve these two laws and even to prevent serious problems that have arisen in applying them.

The Divorce Act that came into force on June 1, 1986 changed the form and content of almost all sections of the old Act. The reform mainly concerned new grounds for divorce

and eligibility criteria for alimony and custody. The Family Orders and Agreements Enforcement Assistance Act was also passed that same year. This new law made it possible for the federal government to provide information and to seize amounts owed to the federal government in order to assist provinces and territories in executing support orders.

After the Divorce Act took effect, the Department of Justice examined the legal precedents and consulted various groups that might be affected, such as family law specialists in the provinces and territories and the family law section of the Canadian Bar Association. Following these consultations, proposals to solve problems in applying this law were made and are contained in Bill C-79 today.

First, reforms appeared necessary in two areas related to the Divorce Act: jurisdiction in corollary relief proceedings and provisional orders in cases where the parties reside in different provinces.

A corollary relief proceeding is one in which one or both spouses attempts to obtain a custody or support order, or both. The first problem in applying the law is due to the fact that it is more difficult to obtain a corollary relief order after the divorce than to change an existing order.

Under the present law, corollary relief proceedings must be heard in the province where the divorce was granted, even if both parties no longer reside in that province. Such a requirement does not reflect the increased mobility of Canadians, especially after a divorce. This requirement can be inconvenient for the parties—even very inconvenient, as we can well imagine; we probably all know of such cases—and very costly as well.

To respond to this problem, Bill C-79 allows greater flexibility in choosing the jurisdiction to hear the case. A court can hear an application for corollary relief if either or both parties reside in that province when the proceedings begin, or if the two former spouses agree on the court's jurisdiction. This is the same jurisdiction rule that applies in changing existing orders.

The second problem in applying the Divorce Act concerns the two-stage procedure for changing support orders when the parties reside in different provinces. The procedure allows a person to obtain a support order in the province where he or she resides without the former spouse being present. The provisional order is then sent to the province where the former spouse resides.

• (1550)

The latter will have a chance to make his or her case before the court in the area in which he or she resides. The court will then confirm or modify the provisional order.

Apparently, according to the present wording of the Divorce Act, a person whose ex-spouse resides in another province can avoid this two-step procedure simply by serving notice of the application on the ex-spouse. The respondent's only option is to seek representation in the jurisdiction where the application was filed. This defeats the purpose of the two-step procedure, which is therefore practically never used.

Bill C-79 provides that the two-step procedure is to be used when the ex-spouses reside in different provinces. Although the procedure may seem cumbersome, it is the only way to ensure that persons residing in a province different from that of their ex-spouse suffer no undue disadvantage.

Bill C-79 provides that the two-step procedure shall be used when ex-spouses reside in different provinces, and that proceedings must proceed in the absence of the applicant or respondent party, as the case may be, if the parties cannot agree on the jurisdiction.

The bill also introduces a provision which would offer an alternative to provisional variation proceedings. This new section would highlight the use of affidavits, teleconferencing, or other means of telecommunications in variation proceedings where the parties agree and where territorial and provincial court rules allow. This option would not be prejudicial to the other party because the consent of both parties would be required in order to use this alternative.

Bill C-79 also deals with the Family Orders and Agreements Enforcement Assistance Act. This Act provides for accessing information from designated federal data banks that will help trace individuals in contravention of family orders, as in the case of child abduction or support debtors in default.

The Act also provides for garnishing designated federal payments payable to support debtors.

The present Act has been in effect for about five years, and the Department of Justice is responsible for administration of the information and garnishing service created under the Act. The amendments proposed in Bill C-79 are aimed at enhancing the effectiveness of this legislation and addressing certain administrative problems created by its application.

Part I of the Act, which deals with release of information, will be amended to facilitate access to the service. For instance, police officers would have direct access to the federal tracing service, by the same token as provincial alimony collection services, without having to obtain prior authorization from the court, as currently required. As well, the bill proposes to make all tracing searches ongoing for a period of one year rather than there being only one search at a time.

Part II of the Act will be amended to streamline the garnishment procedure. For instance, it is proposed that a garnishee summons bind Her Majesty for five years as opposed to the current one-year binding period. Upon expiry of the summons, provincial enforcement services are required to send a renewal summons, which must again be processed through the federal system. Extending the binding period is expected to reduce the workload of both federal and provincial family order enforcement services.

Pursuant to section 58 of the Act, a fee may be charged for each garnishee summons served. As a result of extending the binding period from one to five years, the fee to be collected will be more substantial that it would have been if the summons had been for one year only. The bill will provide regulatory power to determine how the fee is to be collected. For instance, fees could be collected in yearly instalments rather than in one lump sum, which would avoid putting an undue burden on the debtor.

Furthermore, the bill will modify the federal garnishment system by expediting notification to the debtor of the issue of a garnishee summons against him. The debtor will then be able to take immediate action to pay the debt or correct any mistakes in the summons.

The bill also proposes to predetermine federal levels of holdback on payments subject to garnishment, which would replace the current plethora of provincial holdback levels. In other words, provincial holdbacks tend to vary, depending on the province. A "holdback" is that portion of a payment not subject to garnishment and is usually applied to the sum needed by a debtor for subsistence. Introducing federal holdbacks will simplify administration and ensure equality of treatment for all creditors and debtors.

Another amendment will allow the Department of Justice to notify departments responsible for garnishable payments of the service of a garnishee summons by computer or any other means, instead of having to send a copy of the garnishee summons and application.

The provisions on lump sum payments will be abolished since they proved impossible to enforce and seriously compromised the service offered to creditors if they were enforced.

Finally, the bill proposes two changes in the wording of the legislation. These are really minor changes. The first one is to ensure for uniformity of the English and French text, while the second only concerns the English text and consists in substituting the word "remission" for remittance, since the former is customarily used in federal legislation when referring to "remission" of fees payable.

[Senator Lavoie-Roux]

[*English*]

In conclusion, Bill C-79 is part of the first phase of a comprehensive revision of family law announced by the government in June 1991, an initiative divided into three phases. Bill C-79 is only a small but significant portion of that first phase. Phase I includes the development of a feasibility study to implement a national family law database to gather national statistics on all family law related issues.

• (1600)

Also part of Phase I is the support enforcement initiative established in the summer of 1992, which allows the provinces and territories to apply to a $4.5 million fund established over a period of five years in order to improve the support enforcement services.

Phase II of the initiative, announced in 1991, consists of releasing discussion papers for purposes of public consultation in the areas of child support, custody and access. Two public discussion papers have already been released on the subject of child support and the Department of Justice is seriously studying the possibility of implementing child-support guidelines which could be used in determining child support. A report with recommendations is expected later this year on this issue. The custody and access discussion paper is expected in 1993.

Phase III of the family law reform initiative would take the form of legislative amendments in these areas, developed following the public consultation.

I have added this extra information because it would be easy to say that Bill C-79 does not go far enough. However, it is part of the first phase as announced by the government. It is clear that there are many other problems which need to be examined. However, delaying these corrections seems to be very important. I think it would be a mistake. Bill 79, needless to say, will do away with unnecessary bureaucracy and improve the tracing and garnishment system for support payments.

I am sure that everyone in this chamber at one time or another has witnessed the difficulties which spouses can meet with in trying to assure the support of their children. Too often it has been too easy for supporters not to respect the orders of the court in those kinds of cases. I give my full support to that bill and I hope that this house will also give its full support.

Hon. Eymard G. Corbin: Honourable senator, if no other Senator wishes to speak to this matter today, I would propose adjournment of the debate in the name of Senator Lewis, who is unavoidably absent at this time.

On motion of Senator Corbin, for Senator Lewis, debate adjourned.

[*Translation*]

COPYRIGHT ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Solange Chaput-Rolland moved that Bill C-88, to amend the Copyright Act, be read the second time.

Honourable senators, I am very proud to have the honour to introduce this bill as a follow-up to the one dealing with the status of the artist that I tabled and that you passed on behalf of government. It comes within the framework of some kind of cultural envelope that I am especially fond of.

The purpose of this bill introduced today in second reading is to amend the Copyright Act, the main purpose of which is to protect the use made of the works born from the creative talents of our Canadian artists. This country of ours is one that sings, a country that delights by its music, a leader in music, but the fact of the matter is that our legislation protecting musical composers is extremely backward. That is why I am so proud to rise today to explain as clearly as possible what this bill is about.

The proposed changes are necessary to bring up to date this backward legislation that had gone almost unchanged since 1921. In Quebec, we have a somewhat colloquial expression: "arriver en ville". It means something like to get with it. Well, perhaps it is time, for the sake of Canadian composers, that this government, this Parliament and this country got with it and gave them all that they need. While the definition of copyright used to relate directly to printed works, modern technologies have greatly diversified the modes of creation and distribution. In this unique context, how can we ensure, honourable senators, that the copyright on works by our artists are adequately protected?

[*English*]

We know today that it is possible for a composer, a creative musician, to write a concerto, a symphony on a computer. What are his rights? This law will bring his rights up to date, and it is about time.

[*Translation*]

For this reason, this bill updates several definitions contained in the Copyright Act. It replaces the definition of "musical work", redefines "performance", and clarifies the term "network" to make clear who pays whom what and why.

Until now, only written or sheet music met the criteria in the legal definition of a musical work. In other words, Mozart fits but not Roch Voisine. As I say, we had to bring these things up to date. Under the amendment which the government is proposing, any form of musical composition, with or without words, will be a musical work within the meaning of the Copyright Act.

Composers, authors and music publishers have been the most affected by the technological changes in the use of musical works. The Society of Composers, Authors and Music Publishers of Canada—and this very morning, honourable senators, I received a phone call from François Cousineau, whom you all know as a composer and an orchestra leader—he assured me on the telephone that all composers, be they in Quebec, Canada, the West, the South or the North, agree with this protection that the law gives them, and that is why I am proud to speak on their behalf and tell you for all these wonderful musicians that there is no objection to this bill.

The present definition of musical work limited to the score prevents the society from collecting fees for musical works that are transmitted by specialized services and by pay telecommunication services. The right to communicate with the public includes this type of transmission, among others.

These days, transmission is immediate, direct and international. Our artists are more often paid by other countries than by ours; it is therefore time, as I said at the beginning, with a little humour, to get with it.

Therefore, honourable senators, I go back to where I got a bit off track!

Bill C-88 also makes a clear distinction — which I believe is very important — between the right to transmit musical works to the public by telecommunications and the right to perform musical works in public. This is a distinction which is not made in the present wording of the Act. In order to ensure a truly equitable distribution of the financial burden, the bill confirms that royalties must be paid, by the actual users, to exercise each of these rights.

In order to facilitate this equitable distribution of the required payments for the right to communicate with the public by telecommunication, Bill C-88 ensures that all those who play an active role in the transmission — programmers, cable companies, head offices of networks and their affiliated stations — are jointly liable for any payment related to this right.

Honourable senators, the government is determined — and, I believe, all Canadians as well — to ensure that authors and composers of musical works get a fair remuneration for all the uses made of their works. Should we still allow a situation where, for example, Anne Murray from Nova Scotia, Daniel Lavoie from Manitoba, Bryan Adams from British Columbia, André Prévost from Quebec, k.d. lang from Alberta, or Roch Voisine from New Brunswick — the number one performer today, who is famous throughout the world — are not fairly compensated for the broadcasting of their works to the Canadian public by telecommunications media in Canada? We must protect our own Canadian composers; after all, this kind of protection is provided in most other industrialized countries.

It seems to me that no honourable senators could oppose this bill.

• (1610)

[*English*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, as with most legislation, this legislation is best approached by asking three questions: What is the wrong to be remedied; what is the appropriate remedy, and does this bill provide that remedy?

Senator Chaput-Rolland has told us about some aspects of the wrong that is to be remedied. I will take one of her examples. Let us say that a Canadian performer such as Brian Adams or Céline Dion has recorded a hit song and that song is played on a radio station in Perth or Rimouski. Although only a few thousand people may hear the song, royalties are nevertheless paid by that station to SOCAN, the Society of Composers, Authors and Music Publishers of Canada, which then passes them on to the writers and lyricists. Therefore, there is no problem with the payment for that performance.

But take the case of MuchMusic, which is carried by cable television in nine provinces; and Musique Plus, which is carried by cable television in Quebec. They play a music video by Dion or Adams. Hundreds of thousands of people watch and listen — perhaps even a million. How much royalty is paid to the composers through SOCAN for that performance? Nothing. Not a single penny. MuchMusic and Musique Plus pay not a single penny. In the meantime, these stations, with their hundreds and thousands and millions of listeners, make handsome profits that they would not make without the efforts of those artists. That is the wrong to be remedied. Because of outmoded provisions in the Copyright Act, composers are finding it difficult to collect royalties when their work is carried on cable systems. We all know that most of the performances we watch, outside of live performances, take place on cable.

Now for question number two: What is the remedy? The remedy should be legislation which would treat music travelling through closed cable systems the same as music transmissions travelling through the air. But the present law does not agree — not for any reason, but because of an accidental loophole. The distinction between music travelling through closed cable systems and music transmissions travelling through the air, which now exists, is an artificial and an accidental one because the original law — the present law that this bill proposes to amend — did not foresee closed cable transmission.

Cable transmission has now become commonplace in Canada. There are approximately 7 million cable subscribers in this country. How can we justify, as Senator Chaput-Rolland has pointed out, a situation where a television program broadcast over the air waves is treated differently from one transmitted through cable systems, usually to millions more people. The television viewer sitting before the television set makes no such distinction. He or she does not say: "I am watching a performance on CBC. The signal is carried over the airwaves. Because it is carried over the airwaves, royalties must be paid to the composers. Click, I change the channel. I am now getting the same performance or a similar performance on MuchMusic. That signal is carried through cable only. Because it is carried through a cable system, royalties need not be paid to the composers." Why?

The viewer does not make that distinction. It is the same performance appearing on the same television, the only difference being the channel. But the difference to the composer is the difference between day and night. It is the difference between being paid and not being paid; the difference between being able to live through his or her efforts and not being able to do so.

Though this distinction was never intended by Parliament, it has been advanced by the cable television association in the courts. In the most recent case before the Federal Court of Appeal, the cable association, the appellant, argued that what it transmitted was:

> ...electrical signals to individual subscribers' premises. Such signals are electro-magnetic waves which are completely distinct from acoustic or sound waves and cannot be heard at any time during their distribution to subscribers' premises. While the acoustic or sound waves are generated by compression of air or some other medium, electro-magnetic waves are generated by a change in an electric or magnetic field...

In the words of the appellant:

> ...a cable system is simply a medium for the transmission of signals to the subscribers' premises and the transmission of non-broadcast services by cable television systems to individual subscribers' premises is through a closed circuit network as opposed to being propagated through space by radio waves.

Speaking for the Federal Court of Appeal, Justice Létourneau — remember this is the same judge who said what the appellant's contention was — answered:

> I do not think this whole case ought to depend on whether it is this kind or that kind of waves which are transmitted to the subscribers. The definition of "performance" in s. 2 speaks of any acoustic representation. It does not speak of acoustic waves as opposed to electro-magnetic waves or vice-versa. When a subscriber turns on the television set and listens to the music broadcast or transmitted by the appellant...it is an acoustic representation of a melody that he or she gets: It is the very performance of a musical work as contemplated by the Act.

The court ruled that the Copyright Board did have jurisdiction to accept an application from SOCAN, the

Society of Composers, Authors and Music Publishers, for tariffs to be paid by the cable operators. That judgment was handed down January 5, 1993.

In view of that decision, should we still be proceeding with this bill? In my view the answer is "yes". If the decision is appealed to the Supreme Court of Canada, there will again be uncertainty. The application to the Copyright Board will once again have to be put aside, perhaps for years.

If we all agree that the present situation is unfair, why would we let it continue?

Question number one was: What is the wrong to be righted? The second question was: What is the remedy? The answer to that question is that the appropriate remedy is an amendment to the Copyright Act which would treat music signals travelling through cable systems the same as music transmissions travelling through the air.

• 1620

This takes us to question number three: Does Bill C-88 provide that remedy? Here, for a moment, we must become a little more technical in order to understand what it is we are passing, as I hope we will.

A number of approaches could have been taken to remedy the wrong. The government has chosen to focus on the definition section of the Copyright Act. Section 2 of the Act provides the following definition, and this is where it all turns:

> "musical work" means any combination of melody and harmony, or either of them, printed, reduced to writing or otherwise graphically produced or reproduced;

The wording is reminiscent of an era long gone, when music was disseminated in the form of sheet music. Nevertheless, the difficulty is not with the definition itself but rather with how it combines with other provisions of the Act.

Subsection 3(1) defines the term "copyright" and then goes on to explain what rights attach to copyright. That section reads, in part:

> ..."copyright" means the sole right...
>
> (f) in the case of any literary, dramatic, musical or artistic work, to communicate the work to the public by telecommunication...

Notice that it does not state to communicate the performance of the musical work, but rather to communicate the work itself. Therefore, let us go back to the definition of "musical work", to see exactly what is to be protected when communicated. As I have read previously:

> "musical work" means any combination of melody and harmony, or either of them, printed, reduced to writing or otherwise graphically produced or reproduced;

What is to be communicated, therefore, is the written score, the sheet music, and not the performance of that score.

Bill C-88 changes that definition of musical work. It is now to read not "a combination of melody and harmony, or either of them, printed, reduced to writing or otherwise graphically produced or reproduced", but as follows:

> "musical work" means any work of music or musical composition, with or without words;

Believe me, honourable senators, this problem has been going on for years. Any lawyers who practise in this field will know how long it has been going on. What this bill provides is something that performing rights associations have been working on for years and years. As Senator Chaput-Rolland has stated, most people have agreed that it was a mistake, and that there was no justice whatever in this distinction. Therefore, thanks to this bill, no longer is a musical work restricted to something fixed in writing. No longer will cable operators be able to argue that, since they were not transmitting a musical work — that is, a written musical score — there was no copyright infringement.

Those senators who have been following this situation may wonder why traditional television broadcasters and radio stations have not taken advantage of this existing distinction. After all, they, too, are not transmitting a musical work as presently defined, namely, a written work or graphic reproduction.

The answer lies in the definition of "performance" in the Copyright Act. That definition reads:

> "performance" means any acoustic representation of a work or any visual representation of any dramatic action in a work, including a representation made by means of any mechanical instrument or by radio communication;

By "radio communication" we mean transmission through the ether by means of Hertzian waves. Thus, radio and television stations broadcast over the airwaves an acoustic representation of a musical work and, therefore, fall within the definition of a performance. But cable operators do not send an acoustic representation over the airwaves; they send it through cables, and that is the distinction of which they have been taking advantage for years — a distinction, as we have seen, and as I and Senator Chaput-Rolland contend, which is without any meaningful difference; a distinction only, without a real difference.

The answer to question number three, then, is yes, also. This legislation does appear to provide an effective remedy to the deficiency now existing in the law.

In addition to the proposed change to the definition of the term "musical work", Bill C-88 contains a number of other

provisions. The majority of these are consequential or related to the change being made to clarify and strengthen copyright for musical works. They include transitional provisions and regulatory clarifications.

The one exception is paragraph 2, which was bootlegged into Bill C-88 at the end of committee proceedings by the Minister of Communications, Perrin Beatty. Its purpose and effect is not entirely clear to me. Although I support this legislation, I have no great admiration for the way it has been handled in this respect.

The objective was simple — the one Senator Chaput-Rolland has explained and the one that I have tried to explain: Close the acknowledged loophole — including by the courts, to date — that has prevented SOCAN and its members from obtaining royalties from cable operators. The legislation was to be simple and non-controversial and, as Senator Chaput-Rolland and I have tried to explain, it should be simple and non-controversial. Unfortunately, this has not proven to be the case.

When originally introduced, Bill C-88 included a clause to repeal subsections 69(2) and (3) of the Copyright Act. These clauses had nothing to do with the cable transmission problem. Subsections 69(2) and (3) provide an exemption to restaurants and other public business establishments which play a radio in the premises for the enjoyment of workers and patrons. It has nothing to do with cable, which was the real problem. Under the present law, without that exemption, any restaurant or barber shop would be liable to pay royalties every time they turned on a radio.

The government's proposal to eliminate this exemption was very controversial, unlike the cable section that Senator Chaput-Rolland and I have been talking about, and after heated debate in the committee it was dropped. My point is that it should not have appeared in this bill in the first place. If it is to be pursued, it should be pursued when Phase II of copyright reform is brought forward. It was inappropriate, in my contention, to include it in Bill C-88.

Honourable senators will remember that, some years ago, there were problems with the Phase I amendments to the Copyright Act. Phase II was to deal with a number of exemptions, and there was a great deal of difference between Senator Marsden and myself about educational exemptions. She argued that there should be exemptions at that stage, while I advocated leaving them for Phase II. This restaurant exemption should also have been left to Phase II. All exemptions, it seems to me, should be left for Phase II.

The government's proposal to eliminate this exemption was very controversial and should not have appeared in this bill in the first place. It is inappropriate here and should be left to Phase II.

• (1630)

The other clause I am not entirely comfortable with is clause 2 of the bill. The legislative committee on Bill C-88 in the other place met seven times. At its second-to-last meeting, Mr. Beatty encouraged the adoption of an amendment to the bill which was moved by Conservative member Roy-Arcelin. The purpose was to provide a new description of what constitutes a broadcasting network. Again it had nothing to do with the main purpose of this bill. The amendment was in fact ruled out of order by the chairman as being beyond the scope of the bill, but his decision was overruled by the committee and the amendment was adopted. The next day, on December 10, 1992, the committee rescinded what it had done the previous day. I will read from the committee's Minutes of Proceedings.

> On motion of Nicole Roy-Arcelin, it was agreed, — That the Committee's decision of Wednesday, December 9, 1992 to adopt a government amendment to Clause 2 be rescinded and further, that the Committee's decision of the same day to overrule the Chairman's ruling on the procedural acceptability of the said amendment be likewise rescinded.

That is from issue number 6, page 5.

Madame Roy-Arcelin then moved the adoption of a modified version of the same amendment. It was ruled out of order by the chairman. That ruling was overturned by the members of the committee and the amendment was adopted. Various witnesses were then invited to comment on the amendment. They were given three minutes each. After hearing from them, the committee completed clause-by-clause study and adjourned. That final meeting of the committee lasted 47 minutes.

Mr. Peter Miller, legal advisor to the Canadian Association of Broadcasters said that day:

> This is no process to rewrite law. I have to say that in the strongest possible terms. This, in our view, is a process out of control.

That is found on page 6:13.

It would be difficult to disagree with Mr. Miller.

To conclude, I support this legislation, believing it to be long overdue. I am, nevertheless, uncomfortable with how the government proceeded with respect only to these added-on provisions that, in my opinion, do not belong in the bill.

These concerns with process, however, should not mask the fact that Bill C-88, in its original and essential purpose, brings a very real, significant and long overdue benefit to Canadian composers and lyricists. The righting of a long-suffered wrong is the bill's main purpose, and that in itself justifies our bearing the irritation of the barnacles that have been added, I say unjustifiably, to the bill's central and very beneficent purposes.

Senator Lynch-Staunton: Honourable senators, I have been told that one of our colleagues, who is unfortunately absent today, would like to speak on this bill. For that reason, I move the adjournment of the debate.

On motion of Senator Lynch-Staunton, debate adjourned.

BUDGET IMPLEMENTATION (FISCAL MEASURES) BILL, 1992

SECOND READING—DEBATE ADJOURNED

Hon. R. James Balfour moved the second reading of Bill C-76, to implement certain fiscal provisions of the budget tabled in Parliament on February 25, 1992.

He said: Honourable senators, the 1992 Budget cut spending in order to reduce taxes. Put more broadly, the budget was dedicated to fiscal restraint and deficit reduction in the interests of sustained economic growth.

To address these goals, the budget contained measures to boost the competitiveness of Canadian firms and workers, including tax support for the manufacturing and processing sector. The budget contained measures to provide tax relief for Canadian families, students and students with disabilities. The budget also contained measures to reduce government expenditures.

Bill C-76 originally amended four acts; the Small Business Loans Act, the Canada Student Loans Act, the Lobbyists Registration Act and the Salaries Act. However, since Bill C-76 was tabled, the small business section has been replaced by new measures announced by the Minister of Finance in his December economic statement. The small business part of Bill C-76 was dropped at committee stage and was subsequently replaced by Bill C-99, a separate bill to amend the Small Business Loans Act. Bill C-76, as it now stands, amends the Salaries Act, the Lobbyists Registration Act, and the Canada Student Loans Act.

First, I will deal with the amendments to the Salaries Act. These amendments are part of the government's commitment to fiscal restraint. This measure would reduce the salaries of the Prime Minister and all cabinet ministers by 5 per cent effective last April 1. Honourable senators will recall that in the previous year the salaries of ministers, parliamentarians and public servants had been frozen. Because weakness in the economy lasted longer than we had anticipated, the government felt it was appropriate that the Prime Minister and all members of the cabinet make a further contribution to the restraint effort.

Another commitment in the 1992 Budget was the government's intention to strengthen its cost recovery performance. One area the government believes should operate on a cost-recovery basis is the Lobbyists Registration Program; hence, the amendments in the bill to amend that action. The bill proposes that the fee-setting regulation be amended so that the Governor in Council can charge lobbyists a registration fee when registering under the Lobbyists Registration Act. The fee will be set in consultation with the private sector.

In addition, the bill proposes that fees owing be a debt to the Crown, thus enabling the Crown to sue in the civil courts to recover unpaid fees. As a means of further encouraging compliance with the Act, it is also proposed that the penalty avoidance incentives that already exist to encourage compliance be extended to include registration fees.

I should like to reassure honourable senators that the measures in Bill C-76 in no way penalize any groups that might lack the financial means to pay the registration fee to register as lobbyists. Only people who are permanently employed and permanently involved as lobbyists, that is permanent representatives making continual representations over the years to the government, are required to register as lobbyists. In addition, honourable senators, it is the responsibility of lobbyists to register. The government does not go after people and force them to register.

Let me now turn to the Canada Student Loans Program. The measures in Bill C-76 pertaining to the Canada Student Loans Program were also introduced as part of the government's deficit reduction effort. Since its inception in 1964, the Canada Student Loans Program has provided $7.6 billion of assistance, enabling over 2.5 million Canadians to pursue post-secondary studies. This has helped to contribute to the development of a well-educated and adaptable workforce.

In 1991-92, the Canada Student Loans Program provided $740 million in loans to needy students, an additional $100 million over the preceding year. That was a 16 per cent increase in assistance available under the program.

Under the Canada Student Loans Program the federal government guarantees loans that lending institutions make to full-time students. The government pays the interest costs while the students are in school and for six months after graduation. Once they have completed their studies, students have to enter into a consolidated repayment agreement with their lending institutions. If a student either does not enter into a repayment program or does not maintain payments, the federal guarantee is implemented. Put another way, honourable senators, the federal government pays off the loan and the Canadian taxpayer assumes the student's debt.

• (1640)

I am sure we are all in agreement on the continued importance of the Canada Student Loans Program in maintaining an accessible post-secondary learning system, but, like so many other areas of public policy, the time has come to update the program to ensure its continued financial viability and to ensure that it continues to provide assistance to needy students.

Honourable senators, the 1992 Budget gave the go ahead to reform the Canada Student Loans Program. The December economics statement reiterated this commitment.

The government is negotiating with lenders on a new financing structure with the Canada Student Loans Program in order to reduce the high default costs and improve the program's overall efficiency. The new financing arrangements are expected to include lender risk-sharing, a new interest rate structure, and administrative streamlining. Legislation to establish the new financing arrangements is expected to be introduced soon.

Under the new financing arrangements, needy students would continue to have access to financial assistance to pursue post-secondary studies. The Canada Student Loans Program was created for this very purpose and will remain so under the new arrangements.

Together with these measures currently being undertaken, the amendments in Bill C-76 will also help to strengthen and improve the Canada Student Loans Program.

Bill C-76 deals with three major elements of the Canada Student Loans Act:

First, the bill removes the six-month post-school interest-free period as of the 1993-94 loan year. This element is an integral part of the deficit reduction effort.

With respect to this measure, it is important to keep several points in mind: Eliminating the six-month interest subsidy will affect students only after they have left school, when they are generally in a position to assume responsibility for repayment.

Eliminating the six-month interest subsidy will impose a minimal financial burden on students. The increase in the monthly payment for an average loan will be less than $3.50 per month, an amount within the financial capacity of most, if not all, students who have graduated.

Students will have up to six months after finishing school to make arrangements for repaying their loans with their lenders. During this period, however, interest will accrue on their loans.

Further, students will have the choice of paying this interest in one lump sum or of having it capitalized into the amount of their loans.

It is important to remember that borrowers repaying loans, but who are encountering financial difficulty, will continue to be eligible for up to 18 months of interest relief. This is a component of the program that is available at the end of the six-month grace period. Students who are unemployed or temporarily disabled will continue to have access to interest relief.

Of course Canada Student Loans will continue to be interest-free to students for the entire time they are in school, a fact not to be lost sight of.

The second element proposed for the Canada Student Loans Program in Bill C-76 is to update the obsolete alternative payment formula for provinces choosing to opt out of the program in the future, and to increase the notice period for such action.

The alternative payment formula is designed to compensate provinces which decide to set up their own student aid program as an alternative to participating in the Canada Student Loans Program. Quebec and the Northwest Territories, for example, have opted out and operate their own programs. This measure will ensure that the costs of previously authorized loans in a province are deducted from any future alternative payments.

Finally, honourable senators, Bill C-76 will streamline the administration of the Canada Student Loans Program by allowing the minister to prescribe the forms used.

Honourable senators, as I stated at the beginning of my remarks, this bill is derived from the 1992 budget. Its measures are straightforward initiatives designed with fiscal restraint and deficit reduction as their goals.

There are no doubt many questions of detail that deserve our scrutiny and attention. I hope the bill might move to committee quickly with this aim in mind.

On motion of Senator Perrault, debate adjourned.

The Hon. the Acting Speaker: Honourable senators, as there is no further business before the Senate, pursuant to rule 136 sub 4, this sitting is suspended until 1710 hours, 5.10 p.m.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Charles Gonthier, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Deputy Speaker, the Honourable Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the Farm Products Marketing Agencies Act and other Acts in consequence thereof (Bill C-54, Chapter 3, 1993)

An Act to provide additional borrowing authority for the fiscal year beginning on April 1, 1992 (Bill C-98, Chapter 4, 1993)

The House of Commons withdrew.

The Honourable the Deputy of his Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Monday, March 1, 1993, at 8 p.m.

THE SENATE

Monday, March 1, 1993

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

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, in spite of the absence of my colleague Senator Frith, I would not want you to miss his good habit of reminding the government of its failures. For 103 days now, the government has shown, according to the words of Senator Murray, political cowardice and contempt for the democratic process because of its failure to hold a general election, although I must say that the events of last week have probably advanced us closer to a general election than we were anticipating. However, the facts are still the same.

ROUTINE PROCEEDINGS

BANKING, TRADE AND COMMERCE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO EXAMINE SUBJECT MATTER OF BILL C-92

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I give notice that tomorrow, Tuesday, March 2, 1993, I will move:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject matter of Bill C-92, An Act to amend the Income Tax Act, the Canada Pension Plan, the Income Tax Conventions Interpretation Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act, and certain related acts in advance of the said bill coming before the Senate, or any matter relating thereto.

[*Translation*]

INTELLECTUAL PROPERTY LAW IMPROVEMENT BILL

REPORT OF COMMITTEE

Hon. Gérald Beaudoin, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Monday, March 1, 1993

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

TWENTY-FIFTH REPORT

Your Committee, to which was referred Bill S-17, An Act to amend the Copyright Act, the Industrial Design Act, the Integrated Circuit Topography Act, the Patent Act, the Trade-marks Act and other Acts in consequence thereof, has, in obedience to the Order of Reference of Monday, December 14, 1992, examined the said Bill and now reports the same with the following amendments:

1. Page 4, clause 13:

(a) Strike out line 14 and substitute the following:

"4. (1) The proprietor of a design, whether the"

(b) Add, immediately after line 27 on page 4, the following:

"(2) The application shall, subject to any prescribed terms and conditions, be considered to have been filed by a person other than the person who filed it if, before the design is registered, it is established to the satisfaction of the Minister that the other person was the proprietor when the application was filed."

2. Pages 15 and 16, clause 33:

(a) In the French version, strike out lines 42 to 47 on page 15 and substitute the following:

"(i) cette personne, son agent, son représentant légal ou son prédécesseur en droit, selon le cas :

(A) a antérieurement déposé de façon régulière, au Canada ou pour le Canada, une demade de brevet divul-"

(b) In the French version, strike out lines 6 to 8 on page 16 and substitute the following:

"un autre pays, une demande de brevet"

3. Pages 16 to 18, clause 33:

a) Strike out lines 36 to 41 on page 16 and substitute the following:

"(*a*) information disclosed more than one year before the filing date by the applicant, or by a person who obtained knowledge, directly or indirectly, from the applicant in such a manner that the information became available to the public"

(b) Strike out lines 1 to 4 on page 17 and substitute the following:

"(*b*) information disclosed before the claim date by a person not mentioned in paragraph (a) in such a manner that the information became available to the"

(c) Strike out lines 10 to 30 on page 18 and substitute the following:

"of subsection 78.3(2);

(*b*) before the filing date referred to in paragraph (*a*), another application

(i) is filed by the person who filed the previously regularly filed application or by the agent, legal representative or predecessor in title of that person,

(ii) is filed in or for the country where the previously regularly filed applicaion was filed, and

(iii) discloses the subject-matter defined by the claim in the application mentioned in paragraph (*a*); and

(*c*) on the filing date of the other application mentioned in paragraph (*b*) or, if there is more than one such application, on the earliest of their filing dates, the previously regularly filed application

(i) has been withdrawn, abandoned or refused without having been opened to public inspection and without leaving any rights outstanding, and

(ii) has not served as a basis for a request for priority in any country, including Canada."

4. Pages 26 to 28, clause 55:

(a) In the English version, strike out lines 31 and 32 on page 26 and substitute the following:

"38.1 as it read immediately after this section came into force."

(b) Strike out lines 39 to 41 on page 26 and substitute the following:

"38.1 as it read immediately after this section came into force.

78.2 Subject to section 78.5, any"

(c) In the English version, strike out line 5 on page 27 and substitute the following:

"read immediately after this section came in-"

(d) Strike out lines 33 to 35 on page 28 and substitute the following:

"subsection 27(2), as they read after this section came into force and as amended from time to time.

78.5 The provisions of this Act that apply as provided in subsec-"

(e) In the French version, strike out lines 29 and 30 on page 28 and substitute the following:

"compte tenu des modifications apportées à la présente loi soit parès le 1er octobre 1989 mais"

5. Page 32, clause 63:

(a) Strike out lines 26 and 27 on page 32 and substitute the following:

"**29.** (1) Subject to subsection (2), the registers, the documents on which entries in them are based, all applications,"

(b) Strike out lines 34 and 35 on page 32 and substitute the following:

"registers, indexes or list, or of any of those documents or applications.

(2) The disclosure of documents on which entries in the register required to be kept under paragraph 26(1)(*b*) are based is subject to the provisions of subsection 50(6), as it reads immediately before section 61 of the *Intellectual Property Law Improvement Act* comes into force."

6. Page 33, clause 65:

Add, immediately after line 26 on page 33, the following:

"(4) If Bill C-93, introduced in the third session of the thirty-fourth Parliament and entitled An Act to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992, is not assented to, then subsection (3) is repealed and section 34 of the *Trade-marks Act* is further amended by adding thereto the following subsections:

(2) The Registrar may request the evidence before the day on which the application is allowed pursuant to section 39.

(3) The Registrar may specify in the request the manner in which the evidence must be furnished and the period within which it must be furnished."

7. Pages 33 and 34, clause 66:

(a) Strike out line 27 on page 33 and substitute the following:

"66. (1) Subsections 38(6) to (8) of the said"

(b) Add, immediately after line 20 on page 34, the following:

"(2) If Bill C-93, introduced in the third session of the thirty-fourth Parliament and entitled An Act to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992, is not assented to, then subsection (1) is repealed and subsections 38(6) to (8) of the *Trade-marks Act* are repealed and the following substituted therefor:

(6) The applicant shall file a counter statement with the Registrar and serve a copy on the opponent in the prescribed manner and within the prescribed time after a copy of the statement of opposition has been served on the applicant.

(7) Both the opponent and the applicant shall be given an opportunity, in the prescribed manner, to submit evidence and to make representations to the Registrar unless

(*a*) the opposition is withdrawn or deemed under subsection (7.1) to have been withdrawn; or

(*b*) the application is abandoned or deemed under subsection (7.2) to have been abandoned.

(7.1) The opposition shall be deemed to have been withdrawn if, in the prescribed circumstances, the opponent does not submit either evidence under subsection (7) or a statement that the opponent does not wish to submit evidence.

(7.2) The application shall be deemed to have been abandoned if the applicant does not file and serve a counter statement within the time referred to in subsection (6) or if, in the prescribed circumstances, the applicant does not submit either evidence under subsection (7) or a statement that the applicant does not wish to submit evidence.

(8) After considering the evidence and representations of the opponent and the applicant, the Registrar shall refuse the application or reject the opposition and notify the parties of the decision and the reasons for the decision."

Respectfully submitted,

GÉRALD A. BEAUDOIN
Chairman

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

On motion of Senator Beaudoin, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

SMALL BUSINESSES LOANS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-99, to amend the Small Businesses Loans Act and other acts in consequence thereof.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday, March 3, 1993.

ORDERS OF THE DAY

CRIMINAL CODE

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Phillips, for the second reading of Bill C-69, An Act to amend the Criminal Code (air and maritime safety).

Hon. M. Lorne Bonnell: Honourable senators, we are moving along so fast this evening that it almost seems a shame for me to say anything that might slow down the proceedings. However, this is very important and complicated legislation. It is particularly important after what happened in New York City on Friday last. There, terrorists blew up a 100-storey building. Many people lost their lives

and many were injured. It is, therefore, very important that this bill be given serious consideration.

This is a bill to amend the Criminal Code in relation to the areas of air and maritime safety. This bill will allow Canada to formally recognize principles contained in three international agreements. These three agreements contain positive measures and are the first of many steps needed to confront criminal acts concerning air and maritime safety.

The first international agreement to which I refer is the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation. The second is the Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf. These first two agreements were prepared under the authority of the International Maritime Organization at a conference in Rome in 1988.

The third agreement, the Protocol for the Suppression of Unlawful Acts of Violence at Airports serving International Civil Aviation, was created by the International Civil Aviation Organization during an international conference on aviation law in Montreal in February of 1988. It came into effect on August 6, 1989.

I believe public opinion would support the principles of these international agreements. As we continue to witness global turmoil, we will continue to observe terrorist activities taking place around the world. It is imperative to make the world a safe place for our children and their many generations to follow. This legislation is the first of many steps needed to curb acts of violence and legitimize our claim that Canada will not be a safe haven for such criminals.

In recent weeks, we have witnessed two hijackings. Last Thursday, a Haitian soldier hijacked an American missionary group's plane at an airport in Haiti and diverted it to Miami. The hijacker shot a hole in the ceiling of the plane before takeoff, but fortunately no one was injured. He surrendered when the plane landed.

On February 11, an Egyptian student hijacked an airplane carrying 140 passengers on their way to Cairo. No one was harmed, and the hijacker gave himself up peacefully upon arrival in the United States. This was the first transatlantic hijacking in more than 16 years.

As I mentioned previously, a bombing took place on Friday in New York at the World Trade Center, a 100-storey building, and caused a lot of fear and anxiety in that great city.

Such attacks over the years have motivated the evolution of the above-mentioned three international agreements. It is important for Canada to take legislative measures and to enter into agreements with other like-minded countries to take control of such terrorism wherever it exists.

Honourable senators, the new offences included in Bill C-69 will make it possible to bring forward charges in relation to acts of violence endangering airports, maritime navigation and fixed platforms attached to the Continental Shelf, whether such acts were committed inside or outside of Canada. Canada will become one of many states committed to eliminating safe havens for terrorists. By implementing the "prosecute or extradite" principle when an offender is found in its territory, a state which is party to the agreement is required to either prosecute the offender or extradite him to another state that has established its jurisdiction over the offender.

Let us begin by examining the contents of this bill. The amendments contained in this bill concerning air safety only apply to civilian international aviation. Military airports are not covered by the amendments in Bill C-69.

Canadian courts have currently what is known as "universal" jurisdiction, rather than purely "territorial" jurisdiction for some offences. Such offences include hostage taking, the theft of nuclear material, piracy, war crimes, and crimes against humanity. Universal jurisdiction will be extended to certain offences committed in an airport. This would allow certain acts executed abroad to be punishable in Canada, the purpose thus being to try those individuals subsequently coming into Canada.

Under clause 3 of the bill, section 77 of the Criminal Code is repealed and the following substituted concerning indictable offences. I quote from the bill:

> *77.* Every one who
>
> (*a*) on board an aircraft in flight, commits an act of violence against a person that is likely to endanger the safety of the aircraft,
>
> (*b*) using a weapon, commits an act of violence against a person at an airport serving international civil aviation that causes or is likely to cause serious injury or death and that endangers or is likely to endanger safety at the airport,
>
> (*c*) causes damage to an airport in service that renders the aircraft incapable of flight or that is likely to endanger the safety of the aircraft in flight,
>
> (*d*) places or causes to be placed on board an aircraft in service anything that is likely to cause damage to the aircraft, that will render it incapable of flight or that is likely to endanger the safety of the aircraft in flight,
>
> (*e*) causes damage to or interferes with the operation of any air navigation facility where the damage or interference is likely to endanger the safety of an aircraft in flight,
>
> (*f*) using a weapon, substance or device, destroys or causes serious damage to the facilities of an airport serving international civil aviation or to any aircraft not in service located there, or causes disruption of the services of the airport, that endangers or is likely to endanger safety at the airport, or

(*g*) endangers the safety of an aircraft in flight by communicating to any other person any information that the person knows to be false,

is guilty of an indictable offence and liable to imprisonment for life.

In addition to air safety, this legislation addresses maritime safety. By amending section 78 of the Criminal Code, offences against a "ship", defined as any vessel other than a warship; or "fixed platform", defined as an artificial island or marine installation permanently attached to the seabed for the exploration of resources, would be included and punishable.

Furthermore, this bill provides for a sentence of life imprisonment for certain criminal acts, including seizing control of a ship or a fixed platform, endangering the safety of a ship or fixed platform, false communications, and threats causing death or injury. These amendments should assist in limiting the acts of aggression against a ship or fixed platform.

Bill C-69 is directed not only at protecting Canadian citizens abroad, but also punishing offenders who come to Canada. As we continue to witness an increase in international terrorist acts, we must recognize the need for international cooperation and seek solutions to address these actions. These three international agreements are a step in the right direction.

Honourable senators, clause 5 of the proposed legislation would make it possible for the courts to authorize the interception of private communications or wiretaps, as provided for in Part VI of the Code, respecting offences at airports serving international aviation and offences against maritime navigation or fixed platforms.

We on this side of the chamber support the bill in principle and believe it should be sent off to a committee for a thorough review. We question, however, the delay in placing such legislation before us. If we are to be in the forefront of work on these important international agreements, why has there been such a delay not only in introducing such legislation in the other place, but also having it introduced in this chamber?

We are fortunate to live in a country like Canada. We are blessed in having such a peaceful territory. But we must be prepared for an unexpected event. Bill C-69 is the first of many hurdles we will have to surmount as we work towards a peaceful future.

During this debate in the other place, the idea of an international criminal court was brought forward to address the issue and many other issues, including international terrorism. I should like to see this issue raised in the committee: the need for a world court of criminal justice, not only to deal with terrorist acts but acts of international piracy, pollution in international waters and war crimes.

This piece of legislation is worthy of our consideration, honourable senators. I ask you to refer this bill to the Standing Senate Committee on Legal and Constitutional Affairs for further study and amendments, if necessary.

• (2020)

Hon. William M. Kelly: Honourable senators —

The Hon. the Speaker: Honourable senators, if the Honourable Senator Kelly speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Kelly: Honourable senators, I would like to thank Senator Bonnell for his wise and very sound comments on this bill. It is a serious bill involving the ratification of agreements that are terribly important if these terrorist incidents are to come to an end. I have to agree with Senator Bonnell in his comments about it being slow in coming; it has been slow in coming.

We in Canada, and many other nations like us, have been unwilling to recognize the fact that this kind of thing exists and will grow. Let us not forget that terrorism has become an industry. Those who have become professionals in the business of terrorism have lost a major client with the disappearance of the East Bloc. They are looking for business. I thank Senator Bonnell, and I call the attention of all senators to the seriousness of the issues this bill addresses.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Kelly, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

DIVORCE ACT FAMILY ORDERS AND AGREEMENTS ENFORCEMENT ASSISTANCE ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Chaput-Rolland, for the second reading of Bill C-79, An Act to amend the Divorce Act and the Family Orders and Agreements Enforcement Assistance Act.

Hon. P. Derek Lewis: Honourable senators, having listened to the Honourable Senator Bonnell, I am glad to say that one of our national airlines managed to get me safely here to Ottawa tonight and in time to take part in the second reading of Bill C-79.

Senator Bonnell: That is because I was with you.

Senator Lewis: Maybe that was it. As was said by the Honourable Senator Lavoie-Roux when she moved second reading, the object of this bill is to provide amendments to the Divorce Act and the Family Orders and Agreements Enforcement Assistance Act. It is intended to improve the effectiveness of the provisions of those acts and help avoid some serious problems arising from their application. This bill appears to be the first part of Phase I of the government's announced review of family law. The other part is a feasibility study aimed at development of a family law data base.

It will be seen that the bill is rather technical in nature and to understand its significance one has to look carefully at the Acts it is to amend. In this respect, I must congratulate Honourable Senator Lavoie-Roux in the way she gave such a clear and detailed explanation of the implications of the bill. The necessity for the proposed changes to the present law have been apparent for some time, and the bill has been proposed after considerable consultation with the provinces, territories and the Canadian Bar Association. It is to be hoped that it will have the desired effect in reducing red tape and simplifying procedures for obtaining, varying and enforcing support orders and provide methods for better tracing services.

We are all aware of the shocking situation which today exists with regard to the payment of support orders following family breakup. It is a well-known fact that the majority of support orders are in arrears, particularly child support orders. Many former spouses have for very long periods been able to avoid paying support to their families, keeping some of them in near destitution. We have also all probably heard stories of the difficulties and delays encountered by former spouses trying to enforce payment and of even trying to locate the delinquent former spouse in order to attempt enforcement.

• (2030)

There is also the problem of investigating and tracing individuals in cases of spousal child abduction. The provisions of this bill will facilitate obtaining access to federal data banks and will thus help in tracing individuals who are in contravention of family support orders, and will also help in the very serious cases of child abduction.

As Honourable Senator Lavoie-Roux has stated, the proposed amendment to the Divorce Act will simplify the problem of jurisdiction, in that former spouses will no long be required to apply for a support order only to a court in the province where the divorce was granted. Under the proposed change, such applications will be permitted to a court in any province where at least one of the former spouses is then residing. That should facilitate the making of applications and reduce costs for applicants.

In conjunction with this, in the case of applications for variations of support orders, the amendments would also allow submissions by parties by way of telecommunication to be acceptable in court, if both former spouses agree to such a procedure and the rules of that court so provide. This should simplify and reduce the cost of such procedures. Honourable senators, this of course is an aspect that may need to be looked at in committee as it raises a question of confidentiality. Would parties to such an application, which it must be remembered are usually held *in camera*, be subject to the questionable lack of security that might arise from a telecommunication? I hope this aspect will be looked at in committee.

Under the amendments to the Family Orders and Agreements Enforcement Assistance Act, the present limitation on the authority of police officers to apply to court for release of information in the federal data banks only in cases of child abuse is to be removed. This will facilitate investigation of such cases.

The amendments would also provide that when there is a garnishment it will be binding on the Crown for five years, as against the current one-year binding period. This will provide a saving both in time and in relation to the expense of periodic application for garnishee summons as presently required. Under the present act a fee may be charged for each garnishee summons. Under the proposed amendment, this fee may be collected in a manner that is more bearable to the parties involved. This again will help to avoid financial hardship for former spouses.

The amendments would also provide for a threshold or holdback on the amount that can be garnisheed from a debtor at any one time. In other words, the full amount payable by a debtor could not be taken, but the debtor would be left with a floor for his subsistence purposes. At the present time, the level varies from province to province. This legislation will now set a uniform level across the country. I understand that the proposal is to set the level at 50 per cent for funds from unemployment insurance payments, Canada Pension payments, federal training allowances and Old Age Security payments.

Honourable senators, all in all, there are good points to this bill. It will do a lot to help improve the process provided for in the statutes to be amended. I would go so far as to say that the bill itself is quite innovative. Accordingly, I feel the bill should be given our support.

Having said that, however, I would suggest that, as Honourable Senator Lavoie-Roux has already alluded, there are many other problems that need to be addressed. In particular, there is the whole question of providing adequate child support. There are also the social problems of one-parent families living below the poverty line and the lack of government action to deal with this desperate situation.

The plight of such people is aggravated not only by the inadequacy of the amount of court-ordered support payments and the high rate of payment delinquency but also by the generally poor economic conditions in Canada. These are conditions which the present government seems incapable of handling.

How can former spouses who are without work be expected to meet the obligations imposed by court support orders? Such an economic situation is imposing grave hardship on many one-parent families. Let us hope that in the next few months there will be a change in government that will prove more sensitive to the needs of these people.

I trust honourable senators that this bill will go to committee forthwith.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Senator Lewis, you referred to the fact that most of the support orders are in arrears. To your knowledge, are there any figures as to the amount of arrears outstanding?

Senator Lewis: Honourable senators, I have not seen any figures as to the amount. I did see some suggestions as to the proportion. However, I do not have that information at my fingertips and could not quote it. I gather that the majority of them are in arrears. This matter might be better addressed in committee.

Motion agreed to and bill read second time.

[*Translation*]

REFERRED TO COMMITTEE

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

On motion of Senator Lavoie-Roux, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[*English*]

BUDGET IMPLEMENTATION (FISCAL MEASURES) BILL, 1992

SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Balfour, seconded by the Honourable Senator Keon, for the second reading of Bill C-76, An Act to amend certain statutes to implement certain fiscal provisions of the budget tabled in Parliament on February 25, 1992.

Hon. Raymond J. Perrault: Honourable senators, Bill C-76 was given first reading in the other place on May 1 of last year. The long title of the bill is an Act to amend certain statutes to implement certain fiscal provisions of the budget tabled in Parliament on February 25, 1992.

• (2040)

The alleged and avowed purpose of this so-called omnibus bill is to implement four fiscal measures contained in that budget. These deal with the decrease in expenditure under the Canada Student Loans Act, the creation of fees charged under the Lobbyists Registration Act, the decrease in ministerial and Prime Minister's pay under the Salaries Act, and an increase in lending limits under the Small Businesses Loans Act. All of these measures require amendments to the acts which I have cited.

The government would like to have this bill ushered through Parliament as quickly as possible with as little publicity as possible. One can understand that. Parts of this bill are simply mean-minded. The proposed amendments to the Canada Student Loans Act, clauses 2 to 10, offer further evidence that this government is out of touch entirely with the problems facing some of the younger people in this country.

In his budget speech of February 25 of 1992, the Minister of Finance stated that the Secretary of State would be negotiating what he described as "new arrangements" with respect to student loans with the financial institutions, and that expected savings would provide scope to improve the Canada Student Loans Program and eliminate the 3 per cent administration fee on student loans. In this regard, senators are aware of the fact that, some time ago, this government imposed an up-front 3 per cent tax on student loans which yields something over $23 million dollars a year in revenue.

If Bill C-76 is approved by Parliament, the six month interest-free grace period for Canada student loans will be removed. What will be the effect of this? The effect will be to add six months of additional interest payments to those students who must borrow to access post-secondary education in this country.

What kind of madness has persuaded the government to act in such a draconian way against a sector of the population going through real agony these days? Six months of additional interest payments to those students who must borrow is like adding a tax burden of $35 million a year.

Some of you may say, "Did the federal government not promise, during its 1992 budget, to remove its 3 per cent tax on student loans in exchange for that extra six months of interest?" Yes, it did. Senators who recall that particular Conservative promise are to be commended for their gift of perfect recall. However, that promise has been shattered with this bill. The 3 per cent tax is still here, and now so is the interest. In effect, the students of Canada, some of them barely surviving economically, are being asked to continue to endure the burden of the $23.4 million yielded by the up-front 3 per cent tax, but now also, in effect, another $35 million in new taxation, totalling approximately $60 million annually.

Furthermore, you can find in your own communities from coast to coast that student loans are being placed in the hands

of collection agencies. The students are being hounded and harassed and threatened on an unprecedented scale to repay their loans, and most of last year's graduating class is still looking for work.

What a contrast! Here, figuratively, the government is relentlessly pursuing the students of Canada like Simon Legree did in that old story of unparalleled villainy. The government takes savage delight in attacking students while, at the same time, in the United States the new President has announced that many students there are facing the same kind of crisis as they are in Canada, and he intends to do something about it. He intends to establish an urban program in which students and graduates can repay their loans by working in worthy projects in the United States. He will introduce a program to enable many students to repay their student loans by working for the betterment of their country.

This is the direction in which we should be moving. We should bring in a program to help the young people, many of whom are very disillusioned these days. They are spending so many years in school training themselves, and yet they still cannot find employment when they graduate or when their training concludes. We should make their training and their abilities, which have been financed by the Canadian taxpayer, available through a program of the kind to be introduced by President Clinton in the United States.

Here in Canada, the Tory government persists in attacking those who are poor and need to borrow. That is the thrust of their campaign. Rather than addressing the problems of poverty and accessibility of post-secondary education, government ministers and representatives take great joy, instead, in pontificating at graduating ceremonies. I have heard those Conservative speeches:

> Our hearts go out to this graduating class, my fellow Canadians, and now we want to turn the genius of our educated and trained young people loose on the problems affecting Canada.

You have heard the same graduation garbage from federal government ministers. Behind the scenes, however, they are tightening the screws and making it tougher for those young people not only to graduate but also to get work.

On an unprecedented scale, this constitutes vicious hypocrisy. On one hand, government apologists proclaim their undying commitment to education, telling the students that they represent the future of Canada, saying how Conservatives have a deep and abiding concern for their plight. What balderdash and nonsense! The facts are squarely before us. The government of this country has identified Canadian students as a revenue centre rather than a resource.

In the other place, the government members refused to hear even one witness per section of the bill. It was scandalous. They moved to cut off all witnesses from appearing. They would not hear from the students of Canada in the committee hearings in the House of Commons. They would not hear from those who know most about the problem. Let us not make the same mistake in this place.

I repeat this: In the other place, government members refused to hear even one witness per section of the bill. A concerted effort was made in the other place to ram this bill down the throats of the members. In the other place, public consultation was denied. Witnesses from the Canadian Federation of Students and the National Anti-Poverty Organization asked to appear in order to offer their views regarding the proposed changes. No representatives from the small business community were received, and these other bodies were denied access to that committee.

Let us not tolerate this kind of contempt for the democratic process when this measure goes to committee from this place. Let us not deny witnesses the right to appear before a Senate committee. A bill of this kind must not be adopted in less than five minutes, as it was in the other place. They attempted to pass this bill in the other chamber so speedily that they appeared to be vying for a new Canadian legislative record. I think they were more interested in getting into the Guiness Book of Records than they were in solving the problems of the students. I say, let us not deny witnesses the right to appear before our committee. A bill of this kind must not be adopted in the way in which it was dealt with in the other chamber.

Jamie McEvoy, deputy chair of the Canadian Federation of Students, has summed up the situation rather well. Said he the other day:

> It is such a mockery of the democratic process. The elimination of the six month interest subsidy will affect hundreds of thousands of college and university students who have received student loans from the Canada Student Loans Program. Yet the Conservative committee members disposed of students' concerns in less than five minutes. What is even worse is that the Conservatives have already hit needy students with last year's 3 per cent tax on student loans. Under this government, the Student Loans Program has shifted from helping needy students to punishing them for being needy.

• (2050)

Mr. McEvoy added:

> When a government, any government, displays such disdain for the concerns of Canadians, it's time to call an election.

That is why Senator Molgat reminded the government a few months ago of the need for a federal election.

Mr. McEvoy continued:

> As far as students are concerned, this government no longer has a mandate to push its agenda.

The attitudes and actions of this government in respect of the student loan issue are those of a decaying regime, totally out of touch with reality. The next statement that we can expect to hear from one of the apologists for the government is, "If the students are in need, let them eat cake."

Honourable senators, we have yet another example of this government simply attacking those who are poor and need to borrow to support themselves rather than bothering to deal with the problems of poverty and lack of education accessibility.

Under cross-examination in the other place, Department of Finance officials admitted that the elimination of the six month interest-free period would cost Canada's students an extra $35 million every year. To make matters even worse for students, the federal government promised in its 1992 budget to remove its 3 per cent tax on student loans in exchange for the extra six months of interest.

The Senate hearings will provide the government with an opportunity to restate that pledge and to take immediate action to remove that up-front 3 per cent charge. Unless they do, this promise has been shattered with this bill. The 3 per cent tax is still here, and so is the interest.

The Conservative student loans tax is presently taking in $23.4 million annually for the government. When this figure is coupled with the added effect of Bill C-76, the result is a drain of almost $60 million annually from the pockets of low-income students across the country, many of whom do not even have a decent diet these days.

This shocking fact deserve to be stated and restated. It is another persuasive argument for a change in government in the next election.

Do Conservative senators really understand the depth of this problem? The number of students who graduate with a debt load over $15,000 has already increased by more than 500 per cent in four short Tory years. That is what you have done to the students of Canada. You will not find many Conservative young people on the hustings in the forthcoming campaign.

Do honourable senators really defend this? Collection agency gumshoes all over this country are trying to get, in effect, blood out of stones.

This kind of short-term regressive thinking just cannot go on any longer. In 1986, the number of post-secondary students in Canada who graduated with a debt load of more than $15,000 was approximately 2,200. By 1990, that number had sky-rocketed to over 10,700 students. Only a mismanaged Conservative government could accomplish this while the economy was still booming. Considering our economic situation today, it is almost inconceivable to imagine how this new bill will inflate that horrendous figure even more.

[Senator Perrault]

We know we have had economic difficulties. According to the Department of Consumer and Corporate Affairs, Canada had a record number of bankruptcies in 1992. A total of 76,139 businesses and consumers declared bankruptcy, up from 75,773 in 1991, as the fall-out from the recession continued.

Some Conservatives these days say, "But the figures are improving. We are coming out of the recession." Yes, only 6,000 businesses and consumers declared bankruptcy in December. That is regarded as Conservative progress.

I have a letter I want to put on the record in this chamber. It is from the Canadian Federation of Students. It states, "Education is a right." It is not a right with Conservative governments — it is a miracle, if you can do it.

> The sixth month interest-free subsidy has been extremely useful for students in a recession. We know that youth unemployment is significantly higher than the national unemployment rate, which is itself become shameful enough under the Conservative government. For students unable to find work after graduation, the interest-free subsidy is essential to allow these young people to get on their feet. To withdraw this encouragement from an entire generation of students ravaged by the recession is unconscionable. It's much like throwing an anchor to a drowning student.

The letter goes on to state:

> In Finance Minister Mazankowski's last budget, he promised to increase loan limits (the amount students can borrow) and eliminate the 3% tax on students loans.

The landscape is littered with broken Conservative promises. Remember that great promise of the Prime Minister eight years ago? He said, "When I'm Prime Minister I'm going to give new meaning to the word 'patronage.'" That is one promise that was kept.

The letter goes on to state:

> Yet the government has taken no action whatsoever on these desperately needed improvements, but has moved swiftly ahead by eliminating the six-month interest free subsidy. For a government to so brazenly break its promise to Canadian students, many of whom live below the poverty line, smacks of contempt for Canada's young people.
>
> Student unemployment last summer was 17.9% nationally, as high as 43% in some parts of the country.

Many of the students who were working found only low paying, minimum-wage jobs. We have succeeded through the North American free trade deal in driving over 600,000 manufacturing jobs permanently to the United States and Mexico. Opportunities do not exist any longer for these young people in certain industries.

> Tuition fees have more than doubled at many schools since the re-election of the Conservative government.

That is why students are occupying university offices across Canada. They are absolutely and utterly desperate about their plight. You do not think they want to do this just to have a good time. Tuition has more than doubled and we are about to set new records.

> The Tory administration has set two dubious firsts by becoming the first government to tax student loans and textbooks.

On the one hand, Tories talk about their love for education and their all-out assault on illiteracy and ignorance and the inability to read and write. On the other hand, with the GST we are the only country in the world to tax books. Yes, and they insist on taxing learning — that is part of the Conservative agenda. This is the first government to tax students loans and textbooks. That is the dubious honour they have conferred on the education system of Canada.

> To take away one of the last benefits of the Canada Student Loans Program at a time when many students are hanging on to their education by their fingernails shows a disregard for Canada's future. How can this government consistently speak of the need for education and "life-long learning" and yet systematically dismantle every means by which Canadian students can afford to go to school.

Young people in Canada are becoming educated all right. They are becoming educated about the way Conservative governments act if they are given too much power and left in office too long.

• (2100)

This letter goes on to state:

> It is also interesting to note that among the government's proposed "reforms" to the Canada Student Loans programs is a plan to cease guaranteeing student loans.

That is, apparently, the next Conservative assault on students. A government guarantee of the loan is what allows students to get loans in the first place. The Canadian Federation of Students has repeatedly warned the government that this change could cost thousands of students their eligibility for any loan whatsoever. Yet the government refuses to study or release statistics regarding the impact of these changes.

The two major benefits to students of the Canada Student Loans Program are that the government guarantees the loan and pays the interest until the student is in a position to pay back the loan. The government says it will completely cut the first benefit of the program and Bill C-76 has set about to snatch away the second benefit of interest relief.

In this country, we are moving in the opposite direction to our friends in the competitive world environment. Compare these kinds of negative initiatives with patterns in the Pacific Rim, in Korea, Japan, the Philippines and other countries which are pouring more money into education than ever before because they regard it as the absolute essential ingredient to future prosperity. However, here in Canada the plan is to snatch away the second benefit of interest relief by the mean-minded, mean-spirited actions of this Conservative government. The government has neither the democratic mandate nor the moral authority to dismantle the student loan system in this country, yet with this bill it is clearly attempting to do so through the back door.

When this bill was before the Parliamentary committee studying it, the government saw fit to ram the bill through committee, refusing to hear any input from students or other interested Canadians. They did this over the protest of hundreds of letters which poured in from students around the country, from nearly every province from coast to coast.

Canadian students deserve better. They deserve to be heard. Very shortly we are going to ask them to assume all of the problems that successive governments have created, debt and deficit and all the rest — yet we are making it difficult, if not impossible, for them to acquire the skills the new generation will need to solve some of those problems.

It is often noted that the next generation of Canadians are rapidly losing their faith in the future. They are starting to lose their faith in the system. Thousands are in the unemployment line. Many graduates from two years ago still have no jobs at all. Some have been forced to move back home with their parents. Do we really expect them to get up and proclaim the virtues of our economic system when they cannot find any meaningful place in that system?

Yes, it is often noted that the next generation of Canadians are rapidly losing their faith in their own futures and in the future of the country and the institutions which govern it. If there are those on the government side who wonder why, they need look no further than such uncaring, unfair and undemocratic bills as this one.

There are a couple of other ingredients in this bill. I will not spend a great deal of time on them. Hopefully the bill will be submitted to committee for further study with many witnesses. Clauses 11, 12, and 13 relate to amendments which would give the Governor in Council the power to make regulations requiring lobbyists to pay fees when filing a return or when using a service or a facility provided by the registrars required by the act.

Of course, this is part of the federal government's alleged initiative to improve and streamline its services to the public on a cost-recovery basis. Anything moving or not nailed down is now a prime target for Conservative revenue raiding.

Honourable senators, the concern felt by many Canadians is whether these amendments will structurally impair what we have always taken for granted in our society — the right of

citizens to freely communicate with their government through their representatives in the Senate and in the House of Commons. My question, which will likely also be asked in committee, is whether the fee structure contemplated here, irrespective of the amount, will impair the ability of citizens to adequately consult with their government through their members of Parliament? Any action taken to limit the accessibility of the public to their members would be very unfortunate.

It seems to me that we in the Senate and our colleagues in the other place are here to be accessible to talk with the people of this country. Groups or other institutions or organizations such as the Red Cross, to name just one, or some of the distinguished national organizations which on a regular basis have to deal with their members of Parliament either in the Senate or in the Commons, must have access to the members of Parliament. There should be no fee to separate them from that process.

If we are to impose fees on those types of organizations, we may make it very difficult for them to communicate with us in an effective manner. To that extent, the amendments proposed to the Lobbyists Registration Act could hinder the flexibility of these non-profit organizations to have access to the members of Parliament. To that extent, I am concerned about this aspect of the bill, but I am open to persuasion. Perhaps when the bill moves to committee, we can call witnesses and hear their views and have some of our concerns answered.

Another proposal in this bill would increase the limits on business improvement loans under the Small Businesses Loans Act. The Small Business Loans Act would provide for an increase in the loans limit from $100,000 to $200,000, a change which presents little problem for most of us. Considering the plight of small business today, the record number of bankruptcies, and the difficulties that many companies have in obtaining loans of any kinds from banks, this proposed change to the Small Businesses Loans Act is largely cosmetic. In fact, the number of small businesses getting loans guaranteed by the federal government has decreased over the last few years as a result of the desperate economic situation. It remains to be seen just how meaningful an increase in the loans limit from $100,000 to $200,000 will actually be. This will be the subject of questioning in committee.

Finally, the bill proposes to decrease ministerial and prime ministerial pay under the Salaries Act. Isn't that interesting? People are determining their worth over there and deciding they are being overpaid. It would be tempting at this point to observe that if a referendum were held today and the taxpayers' views were to be accepted, most of the ministers and perhaps the Prime Minister would be involved in other lines of endeavour, perhaps lines of endeavour totally unrelated to government.

Considering the proficiency of the ministers of the federal cabinet and the paucity of benefits which they have succeeded in showering upon the Canadian population, I believe that the average Canadian would prefer to see the salaries of the ministers cancelled or reduced to a token $1-bill. I have an idea. Perhaps we should ask the students of Canada to be part of an advisory committee to determine the level of cabinet indemnity and the indemnity for the Prime Minister.

I hope this bill moves to committee as quickly as possible.

Hon. L. Norbert Thériault: Honourable senators, I do want to say a few words on this bill because over the years I have naturally paid a lot of attention to the cost of post-secondary education while I worked to educate ten children without student loans. I am still paying the bills, I guess.

When I was in the Legislature, even a member of the government, I spoke often on this subject. I have two main concerns about student loans. The people of Canada can decide upon the beautiful speech made by my colleague Senator Perrault on the political basis. I want to be pragmatic.

I believe that the students of Canada have a lot for which to be thankful. I believe our system has made it possible for students of very meagre means to get an education. It has cost the taxpayers a lot of money. I am not sure that the students realize the benefits with which they have been provided by society over the last 35 or 40 years. There is quite a difference from the time when the parents of most of us here tried to provide funds to get us some education.

• (2110)

One aspect of this bothers me more than any other, and it was mentioned by my colleague, Senator Perrault. I am not going to be partisan and blame it on this government, but I could never understand why any government would pass student loans on to collection agencies.

Over the years I have received inquiry after inquiry on this matter; I used to be asked about it when I was acting in another capacity, and I have had inquiries since becoming a senator. Students have written to me, telephoned me and stopped me on the street. Naturally, as jobs become scarcer — as has been the case for the last three years, and as was the case in 1981 and 1982 — students become upset. I am told, although I have never been able to get a real answer, that collection agencies charge the government 50 per cent of the amounts they collect, and the government gets the other 50 per cent.

It seems to me that, after all these years, whichever department is responsible should have been able to find a better way to collect the money. I really believe that students should pay their loans, but would it not be possible, through the Income Tax Act, to deduct a percentage of their account from their earnings when they get a job? This would be in addition to their regular income tax.

It is incredible that in 1992, with all the technology available, we have to resort to the tactics of the 1920s and 1930s and pass on student loans to collection agencies. I am

sorry to say it, but often these collection agencies spring up because the principals are friends of someone in government. I have talked to some collection agencies that sprout like mushrooms after a change of government.

I am offended by the fact that the government passed legislation or regulations last year to charge a 3 per cent tax on student loans. That is beyond my comprehension. No thinking Canadian can accept that. However, I personally have no quarrel with charging students interest from the day after they graduate. Our society is spending billions of dollars to give some kind of education to people who quit school years ago. We spend billions of dollars to train and retrain them, often without even knowing for what we are training them. We know that in the long run people who graduate from university eventually get a job and we know that their earning power multiplies, often because of the amount of education they get.

But why levy a tax on these loans? Why resort to turning these loans over to collection agencies for collection? I would plead with the members of the Senate committee to which this bill is referred to consider these aspects of the matter. I was not here when Senator Balfour spoke, but I read his remarks very carefully. He said there is more legislation to come. I do not know what that legislation will be, but as Senator Perrault has said, it should do away with the 3 per cent tax on student loans.

It is time for us, as senators, people who are supposed to be experienced and who have time to give serious consideration to the governing of this nation, to state once and for all that student loans must be made available. Education has to be available to everyone who wants it. It breaks my heart when I visit schools and see children from poor families who really do not know whether an education will be available to them when they grow up. This is where this society is falling down. This is why we are spending billions of dollars to train and retrain people. We all know that if every boy and girl in this country could get a university education, almost all of the problems would be solved.

We must put our heads together. When this bill goes before the committee, members of the Senate from both parties must come up with suggestions — but not to try to make things more difficult. I agree that students should repay their loans, but not through collection agencies. They should pay the money back to society, to the people who advanced that money. I am sure that a means can be found to do that through the Income Tax Act. It may take a longer time to get the money back, but if interest is charged on the loan, what does it matter? Society will get the principal and the interest back. I ask senators to give this bill very serious consideration.

On motion of Senator Molgat, debate adjourned.

[*Translation*]

EXCISE TAX

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the honourable Senator Frith for the second reading of Bill S-14, an Act to amend the Excise Tax Act.

Hon. Jean-Maurice Simard: Honourable senators, I am sure Senator Frith won't mind if I speak this evening. He will probably want to do what I do occasionally when he makes a speech. If I am really interested, I usually read it in bed before going to sleep. Perhaps he will do the same.

In any event, this evening I would like to take part in the debate on second reading concerning the exemptions for books, as proposed in Bill S-14.

First of all, I think this bill should be considered in relation to the government's economic plan. Since 1984, the government has followed a comprehensive plan of action to control the national deficit and the national debt.

We have seen it make certain fundamental changes that are necessary to make our economy more competitive and more market-oriented, and to reduce government intervention and duplication of government services. As you know, the measures taken by the government include free trade, as expressed in the North American Free Trade Agreement and GATT, both of which are vital to ensure Canadian exporters have access to international markets.

Of course we could also mention deregulation and perhaps elaborate on that, but among the measures the government has taken to put the economy on a sound footing, promote economic recovery and make Canada more competitive is, of course sales tax reform. The objective is threefold: to improve the fairness of our tax system as a whole, to make the GST an essential part of the government's plan to make Canada more competitive, and also to use the GST to reduce the deficit and ensure that Canada can continue to pay for the programs and services that are so important to Canadians.

We have just heard a debate on student loans, a subject that concerns students. If we want to continue to support culture in this country and help people get an education, the government must have certain resources, and that was the reason for introducing the GST and other measures.

The GST ensures revenue stability, which is vital to reducing the deficit. I said stability, and unlike the predictions made by our friends opposite in 1990, and you will recall, Senator Bolduc and other senators, that our friends opposite said the GST would yield several billion, in fact tens of billions more than the government's forecast. However, we know and everybody else, even Mr. Chrétien knows because it

says so in the public accounts, that this year's and last year's revenues, give or take a few hundred million, compare advantageously with the forecasts made in 1990 and in subsequent years.

The GST also helps to reduce the deficit because it makes Canadian companies more competitive. The economy is thus stronger and generates more taxable income for individuals and corporations.

The FST applied at differing rates to only a third of all products and services consumed in Canada, whereas the GST applies at a uniform rate to most products and services. The various sectors of the economy are thus treated more fairly.

Furthermore, the GST is visible, unlike the former FST, and when consumers pay the GST, they know exactly how much and the applicable rate.

I will have an opportunity shortly to refer to what Mr. Chrétien would replace it with. He sometimes talks about it but he is asking Canadians to wait two more years before saying exactly what it would be; even he does not know. A committee would have to be formed to look into it. Senator Molgat is paying very close attention. I think he will agree that the GST is clear, visible, brings in about the same as the old FST and is a stable source of revenue.

I will come back to the proposals of the Leader of the Opposition in the Commons, Mr. Chrétien, because it seems that he has changed his position many times. If Bill S-14 is an indication of what might happen, it seems that Senator Frith and his colleagues, impatient with waiting for Mr. Chrétien's tax, are proposing Bill S-14 to us today.

[*English*]

• (2120)

What Bill S-14 proposes, in my opinion, is more patchwork like the patchwork we saw when the Liberals were in power and Senator MacEachen was Minister of Finance and Jean Chrétien was Minister of Finance. Colleagues, you will remember in those years that these people recognized the need to replace the federal sales tax with a new system, but they never found the courage to do it. They created exemptions depending on when elections were fought. However, they did not find the courage to explain to Canadians why they were doing what they did. We implemented the GST to reduce the cost of our exports and to make the system fairer and more just. We have explained that.

[*Translation*]

The GST also includes the new system. Even though this tax remains unpopular, Canadians are getting used to it. They have invested. Business people, manufacturers and retailers have adjusted to it, and they are paying the tax.

With Bill S-14, Mr. Chrétien and Senator Frith would suddenly change part of it, while making us wait for the magic formula that would replace the GST and that would, no doubt, reduce everyone's tax burden. Senator Frith is proposing less tax on books, less tax for readers and students who buy such books.

[*English*]

More patchwork, I say. Senator Bolduc, would agree with me. He has witnessed, from his position in Quebec, various governments come and go. They toyed with adjustments and exemptions, and Canadians have had enough of that. However, Senator Frith says that we can wait for Mr. Chrétien to make up his mind. In my opinion that is nothing more than demagoguery. The Liberals would tell the people that perhaps we can reduce the deficit and please students, the book industry, their mothers and everyone else. Well, I am telling you now that they will not fool anyone with this policy. I will urge you, when I finish, to reject Bill S-14 because it is another Liberal smoke screen.

[*Translation*]

I really wonder whether the supporters of Bill S-14 have truly considered what taking the tax off books would mean for the thousands of establishments that sell them. Books are sold not only in bookstores; they are also sold in hardware stores, garden supply stores, gift shops and many other places.

The GST is relatively easy for businesses to apply but would become much more complex if books were not taxed. Senator Olson and others regularly tell us that the GST should be made easier to administer for retailers, taxpayers and manufacturers. The measure that he just indicated and is asking us to accept would do just the opposite.

We still continue to advocate simplicity of administration, but there is also another basic reason for our refusal to support Bill S-14 at this time. Exempting particular products, like books in this case, could mean a higher tax rate for other products. Exempting books would also set a precedent that could be invoked to justify other exemptions.

For reasons like these, it was decided that the base for the GST should be as broad as possible and that assistance should be given to those who need it, through the refundable tax credit. Like most other products, books are subject to the GST.

Speaking of administration, we know that the present system seeks to simplify the administration of the GST for everyone. Organizations whose sales of taxable goods and services exceed $30,000 a year are required to register to collect the GST and turn over the proceeds to the government. Those whose sales are less than $30,000 can also choose to register if they wish. Those who have registered can claim a full refund, as a tax credit for input costs, of the GST paid on their administrative expenses.

Like all registered users who pay GST on their sales, authors, publishers, distributers and sellers of books and other documents can recover the GST paid on their business inputs.

This procedure, honourable senators, is a tremendous improvement over the former system. In fact, the federal sales tax was hidden in the cost of all inputs, including those that were normally exempt, which increased the operating costs of businesses and thus increased the price of reading matter.

Under the GST system, the operating costs of book suppliers were expected to drop, and they did. Furthermore, the refundable GST tax credit which can be claimed by low-income Canadians means that families with an income of less than $30,000 are better off under the present system.

Honourable senators, Senators Thériault and Perrault referred to students. In addition to the fact that the GST does not apply to tuition fees paid for most educational services, it is extremely advantageous for organizations that supply books and promote reading. These organizations, which include schools, colleges, universities and municipal bodies such as libraries can, in fact, claim a special credit for the amount of GST paid on purchases such as books. This aspect of the GST ensures that the federal sales tax burden on these institutions is not compounded as a result of tax reform.

It is therefore incorrect to say, as was said by Senator Frith on January 26 in this chamber, that the GST has had the effect of preventing Canadians from buying books. The successful book fair in Montreal a few weeks ago is a good example.

In his speech on January 26, Senator Frith told us that the Mulroney government distinguished itself by conferring an unwanted honour on Canadians by taxing reading and readers. Honourable senators, it would have been more accurate to say that the Mulroney government was the first government to show the necessary courage to replace an unfair tax with a tax that may not be popular but is certainly fairer, a tax that reduces the cost of our exports and which is not the administrative nightmare the former federal sales tax was for taxpayers, business people and consumers.

Senator Frith recalled that in 1990 the Prime Minister had suggested he would look at a future exemption for the book industry. Honourable senators, for the time being I will merely remind Liberal senators and Senator Frith, who will be reading these comments, of some statements, and Mr. Chrétien made several on the GST, but I will merely recall two of those statements.

He made his first statement at the Liberal leadership convention a few years ago, when he wanted to be elected leader of his party. He told Canadians that as far as he was concerned it was irresponsible and intolerable that the leader of a federal party should advocate abolishing the GST without suggesting an alternative source of revenue. Since then, he has made various statements to the effect that he would exempt this and that, and that he might replace the GST with a VAT, and so forth. He wasn't sure. He might be in favour of a new tax reform, and it might not even be a consumer tax, because that would put an undue burden on the neediest in this country, according to Mr. Chrétien.

However, about a month ago, at the University of Ottawa, my alma mater, he told us that he would forget about the GST and that when he formed the government, there would be no more GST. It would disappear into thin air!

However, unlike what he said three years ago, he is now telling us: Trust me! Being asked to trust a Liberal government is not very reassuring. He said that we would have to wait another two years after he formed the government. Meanwhile, a committee would look into it, and they would come up with a system. The tax must be invisible, if at all possible. These are the same Liberals who made a point of saying in Parliament that the tax should be visible. Do you remember that, Senator DeWare and Senator Grimard?

Mr. Chrétien did not tell us if he would get more or less. He said that it would probably be the same amount. Now Senator Frith proposes that we eliminate the tax on books. Mr. Chrétien did not mention that. Do they agree? I did not hear Mr. Chrétien tell us whether we should vote for Bill S-14 or not. Senator Frith did not tell us where he would get the $100 or $125 million that this exemption would cost the government. Will we take it from students? We cannot take it from students because the Liberals have defended nearly every group of taxpayers in the past eight years. They opposed everything we suggested: they wanted more for students, for seniors, for highways, etc.

So that is another example of inconsistency, an obvious case of disagreement between Senator Frith and Mr. Chrétien. Before I support this bill, Senator Frith would have to tell us where he would get the $125 million.

Senator Frith tells us that he has received 694 petitions in the past six months. Senators Corbin, Molgat and Hébert have also received some. We remember that these senators tabled many petitions. No doubt they must have received as many as Senator Frith has received and tabled, namely 694.

Senator Frith tells us that business has been worse for publishers in the past two or three years. Understandably! Except for Mr. Péladeau in Montreal, business is worse for just about everybody because of the recession. He should tell us a little more precisely if the GST has really hurt publishing companies.

I agree with Senator Frith on one thing, and I will conclude with that. On page 2642 of the *Debates of the Senate* for January 26, he says:

> The role of governments at all levels in providing financial support for the arts and cultural industries must not be further diminished.

I agree with that as I agree with motherhood and apple pie, I suppose. But I think that there are other ways to help publishing companies. There are other ways to help universities and students than by exempting books, and we have helped them in those ways.

Honourable senators, I urge you not to support Bill S-14. I think that the Liberal Party is using it as a smoke screen,

another vain attempt, no doubt, to fool the people, to tell us that Senator Frith or the Liberals in this chamber have a solution to the difficult problem of easing the tax burden. I think that this bill is certainly not the way to do that.

On motion of Senator Corbin, debate adjourned.

[*English*]

• (2140)

CANADIAN HUMAN RIGHTS ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kinsella, seconded by the Honourable Senator Oliver, for the second reading of Bill S-15, An Act to amend the Canadian Human Rights Act (sexual orientation).—*(Honourable Senator Murray, P.C.)*

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, on behalf of Senator Murray, I yield to Senator Kinsella.

Hon. Noël A. Kinsella: Honourable senators —

The Hon. the Speaker: Honourable senators, if the Honourable Senator Kinsella speaks now, his speech will have the effect of closing the debate on second reading.

Senator Kinsella: Honourable senators, last week an important decision by the Supreme Court of Canada affecting interpretation of the Canadian Human Rights Act was rendered in the matter of Brian Mossop. That decision touched on the definition of family status in the Canadian Human Rights Act. In essence, the Supreme Court of Canada found that family status must be interpreted in the ordinary meaning, which does not at all affect the amendment proposed in Bill S-15. I hope that the bill will be referred to the Legal and Constitutional Affairs committee so that we may hear witnesses, such as the Commissioner of the Human Rights Commission, Max Yalden, the Director of the Human Rights Centre of the University of Ottawa and officials from the department. Such an examination may serve to enhance this matter and will, I am sure, provide an informative report to the Senate.

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

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Kinsella, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

• (2150)

FISHERIES

REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the second report of the Standing Senate Committee on Fisheries (extension for report) presented in the Senate on February 25, 1993.

Hon. Eileen Rossiter, Chairman of the Standing Senate Committee on Fisheries, moved the adoption of the report.

Motion agreed to and report adopted.

MEXICO

CURRENT POLITICAL SITUATION

Hon. Peter A. Stollery rose pursuant to notice of Thursday, February 23, 1993:

> That he will call the attention of the Senate to the current political situation in Mexico.

He said: Honourable senators, I am sorry that it is getting a little late. I would like to say a few words about the political situation in Mexico which I feel has not been properly discussed, given the fact that we will apparently be involved in a free trade agreement with the Republic of Mexico. In today's *Globe and Mail* there were some comments that I find unacceptable. The article talked about encouraging democracy in Mexico, as if there was already democracy in Mexico.

At the Foreign Affairs committee the other day, Mr. Schott from the United States was our principal witness. He was a very good witness and he made the following observation in response to my comment that Mexico is a dictatorship. He said:

> Your characterization of the Mexican regime is perhaps a little harsh. While it cannot be defended as being democratic on the Canadian or U.S. model, there have been very significant democratic reforms instituted in Mexico since the 1988 election, and there have been some notable results in terms of cleaning up the act or exposing fraud and having officials elected in tainted elections step down or be forced down...

I did bring it to Mr. Schott's attention that if a state governor were to be elected that the president did not like, he can ask that governor to step down and then have his opponent made the governor of that particular state.

Honourable senators, in 1979 I was invited to the 50th anniversary of the founding of the PRI, the Partido Revolucionario Institucional. That group has had three names since its founding in 1929. It was originally called the National Revolutionary Party, and then in 1938 it became the Party of the Mexican Revolution. In 1946 it took the name of the Institutionalized Revolutionary Party, which seems something of a contradiction.

At the time of the 50th anniversary, I was a member of the House of Commons and attended the ceremonies with two or three other MPs. I knew enough Spanish to follow the speeches. Although I did not read and speak the language as well as I do now, I was able to be of some help to my companions. They were somewhat surprised when, as we crowded into the bullring in the town of Queretaro, I explained to them that the last surviving founding member of PRI had just said that the reason they founded the party was to stop the bloodshed. "The country couldn't be governed," he said "because every president, nearly every important leader, had been murdered. And Mexico had to have a government." My friends listened to me translate as best I could; the sun was hot and we sweated in the overcrowded bullring. Arnold Peters looked at the armed soldiers and sharpshooters that surrounded us and overlooked us, and said that if shooting started, we did not stand a chance.

Fifty years previous to that 50th anniversary would be 1929. However, it was some years before I started to read Mexican history and learned that President Obregon, last of the murdered presidents, was shot by a cartoonist at a dinner party in Mexico City less than a year before the events described by that speaker in the bullring. Obregon had started his second four-year term, and his murder caused the founders of the PRI to propose the single six-year term. Today, when the subject of the Mexican president serving a second term is discussed, people say, "Remember what happened to Obregon."

The truth is that they were not all murdered. Plutarco Elias Calles, president from 1924 to 1928, died of natural causes in a Los Angeles hospital in 1945. Actually, Plutarco Calles, not the group of men whose aged representatives spoke to us from the makeshift platform in the bullring in Queretaro, founded the Partido Nacional Revolucionario.

I know honourable senators are aware of the famous murals by Diego Rivera — murals are common in Mexico, possibly because of Diego Rivera. There is one at the Bar Alcibiades in Mexico City, well known as a political restaurant since the early part of this century. It is worth the price of a good lunch to go over the faces on that interesting mural. They are all there, although you need a guide. I do not remember the Emperor Iturbide, but the Emperor Maximilian and his implacable enemy Benito Juarez were certainly there. So, too, were Porfirio Diaz and, of course, "Pacho" — short for Francisco — Madero who ousted Diaz in 1911, and whose murder by General Huerta in 1913 was central to the awful Mexican Civil War. There is a famous description by Friedrich Katz of how U.S. Ambassador Wilson aided and abetted in the murder of the only genuinely elected president of Mexico in this century. Huerta succeeded Madero. Huerta died in a Texas jail; some say he was poisoned.

They are all in the mural: Carranza, Villa, Zapata; all murdered, of course. One million Mexicans died in the events. The population of Mexico was only 8 million. Even though that was three generations ago, somehow, when my colleagues and I were escorted between the lines of gaitered Indian soldiers and plain-clothed sharpshooters, to be presented to President Lopez Portillo on that hot afternoon in 1979, the events seemed not so distant.

• (2200)

Honourable senators, I have only 15 minutes, unlike some of the previous speakers, but I must finish my account of that visit.

At the time, I had no idea that President Lopez' regime would be found to be so corrupt that it would be a major cause of the world debt crisis; that it would destroy the Mexican economy. My colleagues and I were shocked when, as we stood near the president, one of his personal bodyguards explained to us in some detail how the PRI was a mafia even more successful than the real mafia, because they had succeeded in taking over an entire country. A second bodyguard strolled over and confirmed what the first had said, and they both made a lot of jokes.

Not long afterwards, someone told me about Luis Spota, the famous late Mexican political writer who regularly was forced to leave the country; I improved my Spanish and acquired some of his books; *Casi Paraiso*, half paradise, and *Palabras Mayores*, big talk. I particularly recommend *Palabras Mayores* to honourable senators.

The dissolute President Lopez selected a banker, President de la Madrid, as his successor. His job was to clean up after Lopez. De la Madrid picked President Salinas, who, I was told a few weeks ago in Mexico City, actually came third in the last presidential election, not second as I had always thought.

Honourable senators, I understand that the problem with these kinds of stories — and this is a problem of the Spanish-speaking countries of the Americas in general — is that they sound strident, ill-mannered, and certainly impolitic, fantastic, and unbelievable; but they are true.

The other day, that American economist made the standard response given currency over the last two or three years by all the right-wingers who all seem to have some connection with Harvard. He said there have been —

> — very significant democratic reforms instituted in Mexico since the 1988 election ...

This is the story. This is the version that is circulated: There have been reforms in the political system since 1988. He did not seem to know what they were, or that it was the famous Peruvian novelist and former presidential candidate in Peru who said last year in Mexico City that Mexico was not

only a dictatorship, but that it was the perfect dictatorship because it was so total, so absolute. Of course, Vargas Llosa was packed out of the country on a plane the next day.

For example, the new Chief Electoral Officer, appointed a few weeks ago, is Arturo Nunez, formerly Under Secretary of Political Affairs for the Minister of the Interior. I am certain that senators would be aware that the Minister of the Interior controls the secret police. Mr. Nunez has replaced Emilio Chauyffette, who is now chief advisor to Gonzalez Gasrrido, Minister of the Interior. The new under secretary to the Minister of the Interior is the ex-director of electoral affairs of the PRI, Augusto Cezar Santiago.

These are the reforms that have been put in place since 1988. Gullible Canadians say the same thing. The PRI sends one of their intelligence people as ambassador. When a few months ago the Consul General of Mexico suddenly became Mayor of Oaxaca, I remembered that all members of the Mexican diplomatic service are required to be members of the party.

Imagine, in all of our deliberations, though they have not taken place in Parliament, unfortunately, we have heard nothing but the official version of a corrupt one-party dictatorship.

Honourable senators, I wonder if anyone has thought of the implications of an independent judiciary in trade and commerce issues; of being able to deal in courts where the judges are appointed to be independent and are not creatures of the party apparatus.

During my recent couple of weeks in some countries in Spanish-speaking America, I went to the regional preparatory meeting of the world conference on human rights. This is the hemispheric conference organized by the United Nations preparatory to the general meeting on human rights which will take place in Geneva this spring. The Canadian delegation very kindly invited me to join them, and I managed to get a copy of the speech made by the Mexican representative. I have to point out that these speeches disappear. There are no notes kept at these meetings. There are no minutes. If you do not get the speech right then, it will all just disappear.

One sentence stood out in his speech and struck me, because it is so consistent with what has become a Canadian attitude as we join this kind of world. Personally, the more I get to know about it, the less I am inclined to join, but that is another speech. The ambassador for Mexico said that, for Mexico, within the wide ambit of human rights, the right of development constitutes an inalienable right. This is supposed to be a human rights conference, and there is no question, with a bit of stretching and expansion, you could say economic development is a human right. These were my words, but from what I have been able to determine, it is development at all costs by not only a dictatorship, but a repressive dictatorship with a large and very active secret police; with spokesmen in Canada who are too stupid to ask what the other people say and only listen to the official version.

That is what seems to me to be happening here and in the United States. I do not single out Canadians for their gullibility. However, the political situation is important to me. If we are talking about free trade, it seems to me we require an open and democratic society. In a democratic society, at least we assume two or three positions are taken on any given subject. If it is not an open society, then of course it is a secretive, closed group of men and women who, in the case of Mexico, have enriched themselves successfully out of the society as a whole.

• (2210)

I am not a person who spends all of his time on human rights. One can go very far, I suppose. Have we abandoned the principles for which thousands and thousands of Canadians have fought and died in the twentieth century? We are abandoning all that and saying, as the Mexican ambassador said in San José, "That's okay. Development is what we are interested in. Forget about the other stuff."

We should think about that again, honourable senators.

Some Hon. Senators: Hear, hear.

The Hon. the Speaker: If no other senator wishes to speak, this inquiry is considered debated.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, March 2, 1993

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

Prayers.

SENATORS' STATEMENTS

PHARMACEUTICAL INDUSTRY

OBJECTION OF PHARMACEUTICAL COMPANIES TO UNITED STATES UNIVERSAL VACCINATION PROGRAM

Hon. Philippe Deane Gigantès: Honourable senators, when President Clinton announced that he intended to put forward a program that would buy vaccines so that all of the children in the United States could be vaccinated even if their parents could not afford to pay for it, the spokesman for the Pharmaceutical Manufacturers Association — the same pharmaceutical companies who were here — objected strenuously and said that his companies would be faced with a monopolistic buyer, and that that would therefore depress the price of the vaccines.

Some time ago, I quoted an economist who showed that 34 per cent of the sales of pharmaceutical companies are profit. That is after paying for advertising and after paying for what they call their very expensive research. These companies, in order to avoid losing about 1 per cent of their profits, which is what it would amount to, would rather see children who need vaccinations die. This is what we are talking about.

I am sorry that Senator Keon is not here. He is a good man. I am grateful that he stayed here and has not gone south of the border. He would give money from his pocket for poor children. He was telling us that he went to a congress abroad and that people there called Canadians bandits because we are trying to compress the profits that pharmaceutical companies can make.

Let me tell you who the bandits are. Bandits are people who are prepared to steal the lives of poor children for the sake of their profits. The eminent foreign physicians at this congress talking to this very wonderful man, Senator Keon, are the physicians who eat at the trough of pharmaceutical companies and who have the nerve to call Canadians bandits when it is they who are the bandits.

Am I calling research physicians who work for the pharmaceutical companies unworthy? If they prefer the profits of the companies to the health of children, then yes, they are unworthy and they are malevolent. Senator Lynch-Staunton called me malevolent. The real malevolent ones are the people for whom he voted. I say this without reservation and without equivocation: If you voted for that bill to give higher profits to the pharmaceutical companies who are prepared to keep children from having necessary vaccines, then you are malevolent.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Gildas Molgat (Deputy Leader of the Opposition): Honourable senators, I would not want to disappoint Senator Murray. I know that he would want the clock to chime again and remind us that, for 104 days now, the government has shown, according to his own words, political cowardice and contempt for the democratic process because it still has not called a general election.

ROUTINE PROCEEDINGS

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

> THAT when the Senate adjourns today, it do stand adjourned until tomorrow, March 3, at 1:30 in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

QUESTION PERIOD

THE ESTIMATES, 1993-94

SOCIAL PROGRAMS—RENEWAL OF SENIORS' INITIATIVE PROGRAM—GOVERNMENT POLICY

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is directed to the Leader of the Government in the Senate. Some time ago I asked a question about senior citizens' programs. Last week I received a delayed reply in writing from the Deputy Leader.

The response was rather vague. It patted the government on the back for what had been done, admitted that the

program had been a good program and said that, in general terms, they were considering continuing it.

I have looked at the new Estimates which have arrived since then and I find that there is a decrease in what the government is proposing to do. I would like the government to verify for me whether this is correct. I am referring to the 1993-94 Estimates, Part III, page 346 under Social Programs.

Under New Horizons there is shown a decrease from $15 million in 1992-93 to $8 million in 1993-94, so I am curious as to what exactly is the program of the government. Could the Leader get the figures for me based on the previous response?

Hon. Lowell Murray (Leader of the Government): I will do so, honourable senators. I do not have the detailed information in front of me at the moment.

TELEFILM CANADA

PROPOSED FILM ON OCTOBER CRISIS—RATE OF RETURN ON INVESTMENT—GOVERNMENT POSITION

Hon. Philippe Deane Gigantès: Honourable senators, in response to a question of mine on how much money was being given to Telefilm, the Honourable Leader of the Government responded in a delayed answer that the producer of this proposed film vaunting the assassination of Pierre Laporte had recently produced successful films, one called *Elvis Gratton* and the other called *Le Party.*

I have heard that the two films returned less than 10 per cent on investment. Would the Honourable Leader of the Government inquire and let us know whether this is so? If so, will he also tell us whether he considers that 10 per cent on investment is the mark of success?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I can ask that Crown agency to let me have the information sought by the honourable senator. I will be glad to do so. I do not know that it is for me to make a comment as to whether a 10 per cent return on investment is indicative of the success of a film, or whether return on investment is the only criterion that would be applied in that field.

There are other ways in which the honourable senator might consider getting some of the information he is seeking, and legitimately so, from Telefilm. He can continue to ask me questions and I will continue to ask the Minister of Communications to let me have the information. He could also arrange to have members of the management of that agency appear before the committee to which the Estimates have already been referred, or he could find a way, through one of our existing committees, to investigate further the matters he is interested in.

[Senator Molgat]

Senator Gigantès: I thank the Honourable Leader of the Government. His suggestion about the Estimates is a very good one, which I will follow.

However, in his answer, the Leader of the Government in the Senate also said that the producer of the film consulted the Laporte family. I have been in contact with friends of the Laporte family, who then asked the Laporte family about this matter, and they deny it.

I am asking the Leader of the Government to tell his informants — Telefilm Canada and others — not to play games because this matter is serious.

ORDERS OF THE DAY

BUDGET IMPLEMENTATION (FISCAL MEASURES) BILL, 1992

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Balfour, seconded by the Honourable Senator Keon, for the second reading of Bill C-76, An Act to amend certain statutes to implement certain fiscal provisions of the budget tabled in Parliament on February 25, 1992.

Hon. M. Lorne Bonnell: Honourable senators, under the Orders of the Day as they are now configured, it is difficult to tell who has the floor, who does not, and who has adjourned a particular debate. At one time we knew the names of the senators who were expected to speak in this chamber on any given matter. Today, we do not know who will speak because the names are not there. At any rate, I am on my feet; the Speaker has yet to tell me to sit down, so I will proceed.

Honourable senators, on August 25, 1989, the Prime Minister of Canada told the Progressive Conservative Party general meeting:

> This government will carry its fair share of the burden to ensure that all young Canadians receive a first class education as they confront a world class challenge.

What a wonderful statement from our Prime Minister! It really gave us hope.

As the quality and accessibility of our post-secondary education system deteriorates, Canadians, and especially those attending our institutions of higher learning, are questioning the Prime Minister and his government's commitment to "carry its fair share of the burden". Skyrocketing tuition fees, increased rents and residence fees, fewer available courses and laboratories, larger classes with higher-than-acceptable student-professor ratios, outdated lab

equipment and inadequate library facilities are a few of the many problems presently confronting colleges and university students.

While constitutional jurisdiction for post-secondary education rests with the provinces, it is imperative to recognize the integral role of the federal government. The Canada Student Loans Program, federal grants to the three research granting councils, and the federal transfer payments through EPF to the provinces are but a few of the many areas in which the federal government has significant influence and control over our system of higher education.

Honourable senators, Bill C-76 will implement fiscal measures contained in the 1992 budget. I would like to concentrate my remarks on the amendments to the Canada Student Loans Act, specifically the elimination of the six-month interest relief period currently granted to students upon their graduation or upon ceasing to be full-time students.

The Canada Student Loans Program originated in 1964 and has helped over 2 million Canadians. Throughout the last decade, no less than 220,000 students have borrowed under the program each year. In 1989-90, of those 555,474 full-time post-secondary students who attended college or university outside of Quebec and the Northwest Territories, 233,700 borrowed under the Canada Student Loans Program — 42 per cent of full-time students in the nine provinces and the Yukon. Although the cost of attending college or university has risen dramatically each year, the weekly loan limit has remained at a ceiling of $105. That amount has been unchanged since 1984. I should like to stress that the figure of $105 is a ceiling figure. I only wish I had the time to expand on the need assessment criterion to determine the amount of money lent to a student. It is seriously flawed and must be re-examined and updated.

It is estimated that it costs a student living away from home between $8,000 and $11,000 for one year of post-secondary education. Currently, students who rely on financial aid to pursue their college or university education often face a number of problems with the student aid program, such as the low weekly loan limits, increasing student debt, lack of flexibility for student borrowers, lack of national standards for the provision of financial assistance, and the absence of a national grant program.

Honourable senators, that is outrageous. Between 1985-86 and 1991-92 tuition fees have risen by as much as 40 per cent to 80 per cent, depending on which institution you attend. For the past academic year alone, tuition fees have climbed by between 10 and 20 per cent. The University of Prince Edward Island — and 90 per cent of the students are from the Island — had a tuition fee of $2,280 this past year. In addition, there are increasing numbers of hidden incidental fees, such as fees for athletic facility use, photocopying of required material, health plans, and so on, which institutions use to cover their skyrocketing costs.

Students living away from home are faced with rising living costs. According to the Canadian Federation of Students, since the 1985-86 academic year residence costs have increased by at least $1,000. Of course, honourable senators, we cannot forget the impact of the GST on books and photocopying. While costs have been increasing at an alarming rate, the government has not increased its weekly loan limit since 1984-85. Students facing 1993 costs have been asked to finance their education on 1984 dollars.

There is no doubt that Canada's student aid program is in need of reform. Provinces and territories may offer their own aid plans in addition to the administration of the Canada Student Loans Program or may choose to opt out of the program and receive an alternative payment. This decentralization system has produced 12 different systems of financial assistance in Canada. With no national standards, inconsistencies have been created from region to region.

Canada is one of the few countries in the industrialized world that do not have non-repayable national grants programs. As discussed in the report of the Special Senate Committee on Youth, a report put out during the Liberal years entitled, *Agenda for Youth*:

> An important way in which equal access to post-secondary education can be assured would involve modifying the Canada Student Loans Program. The guiding principle of the program should be to remove obstacles to financing post-secondary education. This requires modification to the current system in which many students must borrow large sums from the federal government...No student desiring higher education should be turned away for financial reasons. Canadians must examine changes to the tuition structure. A National Grants Program, rewarding students for academic achievement, may be part of a solution. With an increasing demand for knowledge-intensive skills, the government expenditures necessary to underwrite a National Grants Program would be more than offset by the positive economic effects of creating workforce skills consistent with the expanding, specialized requirements of the industry.

• (1420)

It is my belief that we must seriously examine the issue of a national grants program.

Financial assistance for registered Indian and Inuit students is administered under a separate program, the Post-Secondary Students Support Program. By unilateral revision to the program in 1987, the federal government has departed from the long-standing policy of granting total assistance to First Nations students. The government has imposed a cap on funds available for the program and introduced strict guidelines which, in effect, have restricted access to education for aboriginal peoples. It is important to realize that 27.3 per cent of Canadians between 18 and 24 years of age attend

post-secondary institutions, while only 3.4 per cent of aboriginal people in the same age group do the same thing.

We all recognize the benefits of having a highly educated society. Benefits accruing from public investments in post-secondary education consist of more than the additional taxes paid by post-secondary graduates on their elevated incomes. Studies of the monetary returns to investment in education generally conclude that rates of return are substantial. It is no secret that rates of labour force participation rise significantly with higher levels of schooling, and the probability of being without a job declines as the level of schooling increases. Higher productivity translates into higher incomes and an improved standard of living. A more educated workforce is less vulnerable to economic downturns and poverty problems. More educated personnel tend to generate more research and development activity, which leads to social benefits. The National Advisory Board on Science and Technology, in its report, "Science and Technology Innovation and National Prosperity: The Need to Change Course," presented to the Prime Minister in April 1991, forecasted that approximately two-thirds of the jobs created in the next 10 years will require at least 12 years of education, and half will require 17 years or more. Need I say more, honourable senators?

By eliminating the six-month interest relief period, the federal government is sending a clear signal to post-secondary students. This government, while wanting an internationally competitive society, is not willing to invest the necessary resources to ensure that our human resources are developed to their full potential. Post-secondary education, like so many other issues, is considered to be one of the many "political footballs" between the federal and provincial governments. By "political football", I mean that both levels of government continue to blame the other for the chronic underfunding of our system. It is time to put the jurisdictional question aside and deal with the issues: All levels of education from pre-kindergarten to attaining a Ph.D. must be made a top priority for all levels of government. Such amendments as contained in Bill C-76 do nothing but allow us to see how little priority students have in the eyes of this government.

• (1430)

Changes to the Canada Student Loans Program are not the only area where this government has attacked our post-secondary education system. This government has reduced its contribution to post-secondary education four times in the last eight years. It is estimated that between 1986-87 and 1994-95, the current government will have cut almost $9 billion from transfer payments for post-secondary education.

It has often been said that the best form of student aid is a good summer job. Unfortunately, student summer employment has dropped below 10 per cent only once in the last decade. The unemployment rate among young people hit 19.2 per cent last summer. The federal government has addressed this problem by cutting the Summer Employment Experience Development Program from $149 million in 1985 to $83 million last summer. There was a recent announcement that the program would be increased by $5 million this year.

It is important to realize what this program has become: 40,000 fewer jobs were created in 1991 than in 1985; the average gross wage on a funded job was $2,200 — far less than what is needed to help pay for one year of post-secondary education; the average length of employment was ten weeks, with the average hourly wage at $6.07 in 1991, just above the minimum wage. Post-secondary students usually have between 16 and 18 weeks available to work. In addition, the government has opted out of the original intent of the program of providing students with career-oriented jobs. It is obvious what priority this government gives to the notion of job creation and work experience for post-secondary education students looking for summer work.

University-based research plays a vital role in our economic and social development as a nation. In 1987, the National Advisory Board on Science and Technology, chaired by Prime Minister Mulroney, recommended that the budgets of the three research-granting councils be doubled over the next three years, and subsequently indexed to 1.5 times the real rate of the gross national product. The federal government has not followed through with this proposal. Furthermore, the federal government's share of university funding for research declined from 59.65 per cent to 52.85 per cent between 1983 and 1989.

The Hon. the Speaker: Senator Bonnell, according to our rules, your time is up. However, as usual, if senators wish to waive the rule —

Hon. Senators: Agreed.

Senator Bonnell: One must further question the federal government's commitment to the social sciences and humanities. The federal government does not offer tax credits for investment in research in the social sciences and humanities, yet tax credits are issued for business investments in medical, natural science and engineering research. In addition, the proposed merger of the Social Science and Humanities Research Council with the Canada Council demonstrates a lack of government commitment to social science research.

I have mentioned the situation facing aboriginal students as they attempt to pursue higher education. I would like to make some comments concerning persons with disabilities. Many barriers, including matters of funding, inaccessibility of buildings on campuses and the lack of counselling and student services have forced students with disabilities to avoid the system. As EPF funding transfers are cut, it is often difficult to maintain commitments to make campuses more accessible to students with disabilities. Further, in 1992, the federal government announced that the forgiveness provision of the Canada Student Loans Program for students with disabilities would be eliminated.

Honourable senators, the track record of this government is dismal. For these reasons, and many others cited throughout

my speech, I would ask you to vote against Bill C-76. Only by defeating this legislation can we send out the right signal to students, both young and old, the message being that we want to help them obtain an education, and that through their knowledge and experience, Canada will prosper and grow.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, on the face of it, this bill has a very innocent title. When you read the description, it simply states that it is An Act to amend certain statutes to implement certain fiscal provisions of the budget tabled in Parliament on February 25, 1992. One could assume from that description that the bill is, indeed, sort of a housekeeping bill, and I am afraid that is how it was treated in large part by some members in the House of Commons.

I have here the transcripts of the committee hearings in the other place. Mr. Blenkarn says about this bill:

> I must say that I don't really see this bill as a big deal.

Then he says further:

> On these kinds of bills, normally speaking, you don't receive any witnesses at all. There may be some from the finance department so we can cross-examine them from our own experience as to whether it's a good idea or a bad idea.

Then he continues on a little later:

> Generally, we receive no great representation. This is strictly a finance type, budgetary fix-up bill. It's not a hell of a lot different from Bill C-93, which we're going to have to deal with too.

However, the facts are quite different. The bill does have a very major impact on one section of our population, namely, the student section. It is that section of society that is least able to pay, that has to borrow money to go to university. I am not referring here to the students from rich families, who can afford to pay their university fees and costs. In fact, it might be wise in the course of this debate for all of us to retain our seats and ask our Pages to participate in the debate. They may be in a much better position than we are to debate the value of student loans.

The reality is that, in Canada, many students today are only able to go to university by virtue of student loans. This program is an essential program in a society like ours. We speak all the time of the need for education, the need to get more people into the universities, that the future of Canada will depend on an educated Canadian citizenship, yet with this particular bill we are really making it more difficult for students to go to university.

I see my friend Senator Simard shaking his head in disagreement. Perhaps he comes from that rich section of society where it is not important, but I can assure him that it is extremely important to the people that I deal with.

The government says, "We have a lot of arrears in student loans." I am not saying that people who borrow money should not pay it back. That is a problem that the government must resolve. However, that does not mean you should stop the program. You organize yourself so that you can collect that money. Undoubtedly, after going through university, if a student is able to get a good job then he or she should pay the money back. However, we should not be cutting off the program and making it more difficult for those who are trying to get through university now.

The program is having a very major impact on students. One need only look at the figures. The six-month grace period is not assessed by the opposition nor by anyone else except the people from the Department of Finance. They estimate that it will cost $35 million more annually to the student population. That is a big amount of money.

Add to that the fact that, at one point, the government had stated that they intended to remove the 3 per cent surtax they had put on student loans some years ago. They promised they would remove it, but what in fact are they doing? They are not removing the surtax but, instead, are removing this grace period.

What does the total cost of this mean? Again, from the Department of Finance, we find that the 3 per cent tax yielded $23.4 million annually. When you add that $23.4 million the students have been paying annually to this $35 million more, you end up with $60 million more, paid for by whom? By the section of the country that can least afford to pay it: students trying to go to university on simply a loan.

Students are not asking for a gift from government. They are borrowing the money. I am sure that when they do so, it is with the full intention of paying it back. But what are we doing? We are making it more difficult for them to do so. How can we relate that to statements being made constantly by the government — statements with which I agree — that we must encourage more of our young people to go to university; that the future of Canada is in a well-educated workforce? We are doing the very opposite with this bill.

• (1440)

There was an attempt to have some student representation before the committee in the other place. My colleague the member for St. Boniface, Mr. Duhamel, made a specific plea to have the Canadian Federation of Students appear before the committee, so that the committee would be able at least to have the information from the group most directly affected. What did the committee decide? The chairman said:

> We've had a letter and several phone calls from the Canadian Federation of Students, which would like to appear before the committee. What's the wish of the committee? It was brought to my attention by Mr. Duhamel.

What happened? Mr. Blenkarn replied:

> It would seem to me that we ought to proceed and pass the bill. Therefore, I move that we have no further

witnesses and that we now move to clause-by-clause consideration.

It was a simple request made by the Canadian Federation of Students to appear before the committee of the other place in order to put their point of view on the record, which was turned down by the committee. This was following on closure in the House of Commons to put the bill into committee, not to mention closure at third reading to put the bill through the House.

Honourable senators, this is not the proper way to be dealing with this issue. I think it is essential that we hear from the students of this country. They are in the best position to tell us what is right and what is wrong in this regard.

I have already made the offer to our Pages to get them involved in the debate. They may not be able to do so. They may be reluctant to appear before the committee. I can certainly assure them from our standpoint that if they wish to do so, they will be listened to with great interest.

This is an important issue. I am not making light of it in any way. This measure will affect a large number of students. I believe that our committee, when it meets, should allow ample time to consider this issue. Let us hear from the students. It is extremely important.

My colleague opposite and I have reached an understanding concerning this bill, which is that the bill will go to committee this week, but will not necessarily be returned from the committee this week. I think that is wise. On that basis, I am prepared to give second reading to the bill, on division, with the understanding that the committee will meet within the next two weeks, and that we will not rush this bill through in the same fashion as was done in the House of Commons.

It is my hope that, after we listen to the students and after we have a clearer picture of what effect this bill will have on the student population, there might be some amendments made to the bill to remove this additional hardship that we will be placing on students.

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

Some Hon. Senators: Yes.

Some Hon. Senators: On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

On motion of Senator Balfour, bill referred to the Standing Senate Committee on National Finance.

[Senator Molgat]

[*Translation*]

BANKING TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO EXAMINE SUBJECT MATTER OF BILL C-92

Hon. Jean-Marie Poitras, pursuant to notice given by Senator Lynch-Staunton on Monday, March 1, 1993, moved:

> That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine the subject-matter of Bill C-92, An Act to amend the Income Tax Act, the Canada Pension Plan, the Income Tax Conventions Interpretation Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act, and certain related acts in advance of the said Bill coming before the Senate or any matter relating thereto.

He said: Honourable senators, I would like to explain briefly the purpose of Bill C-92. Those who have read the bill know it is a 300-page document, with a lot of fine print and some very important amendments affecting a broad range of items.

We therefore believe we should be able to give this bill the attention it deserves. As we just heard, it covers a wide variety of subjects, including measures to implement budgetary proposals in the following areas: Economic performance, priorities of families and the disabled, fiscal policy, and finally, federal government services.

With your leave, honourable senators, I will elaborate on some of the items in the bill. Regarding economic performance, Bill C-92 deals with the goods and services tax, deregulation of the energy sector and reform of financial institutions. Several measures deal with corporate taxes, the tax rate on profits and capital cost allowance, international tax treaties, and so forth.

There seems to have been some lively debate regarding the provisions dealing with the 21-year rule for trusts and their beneficiaries.

Among the measures to assist families and the disabled, one was the subject of a separate bill, Bill C-80, the provisions of which have been in effect since January 1993. I am referring to the child tax benefit. Bill C-92 deals with the tax treatment of common-law couples, increases in the education credit and measures to help disabled Canadians with medical expenses, education credits, modifications to buildings, and the definition of "earned income" for RRSPs.

With respect to federal government services, the bill deals with transfers of farmers' accounts to private financial institutions. Finally, the bill contains provisions on requests for information and automation. There are a number of provisions which propose to determine the conditions for communicating information.

These are all very important and substantial questions, and considering the sitting time we have to discuss them, I think

all senators, whether they are on the government or on the opposition side, will agree that we must be able to examine and understand the subject matter of a bill that is so important and at the same time wide ranging. My point is that we must have pre-study of the bill, and I wish to move a motion accordingly.

Hon. Gildas L. Molgat, (Deputy Leader of the Opposition): Honourable senators, I want to thank Senator Poitras for his comments which I realize are eminently practical. Of course, with a bill of this size, I realize the chairman of the committee that will be asked to consider the bill would like to have more time and would like to start right away. I can see the practical aspect.

My objection, however, concerns a matter of principle. It seems to me that we are getting to the point where this house is simply an extension of the House of Commons instead of an independent chamber. That is why we object to the pre-study system; not because we want to make things difficult for the chairman of the committee or for the government. This is not a partisan issue. It is a matter of how we see this chamber in relation to the government and to the other place.

For me, that is essential. I have said so many times in other debates, for example, in the debate on the *Rules of the Senate*. We will come back to that. This house must be independent.

The only way for the Senate to serve the Canadian people, and I do mean the Canadian people, not the Canadian government, the public service or the House of Commons, is to be very independent. If we do our work here just to accommodate what the House of Commons or the government wants, I think that we are failing our duty. We are failing to make this house what the Fathers of Confederation envisaged, and what I am convinced is essential for the good of the whole Canadian political system.

I repeat, our objection is not stubbornness and it is not at all a partisan issue. It is much more important, I think: maintaining the Senate's independence from the government and the House of Commons. I think that our procedure here should simply be to consider a bill sent to us by the House of Commons as we see fit. If we want more time, let us take more time. Let us not be subject to the timetable of the House of Commons! That is their business. Let them run the House they way they like and we will run our house the way we like!

If we want more time to consider a bill, let us take the time required! If the House of Commons really wants something more quickly, they should act so that it comes to us sooner.

Let us see what happened in this case: This bill was tabled for first reading in the House of Commons on November 26, 1992. What did they do there? Nothing! Second reading in the other place was on February 25, 1993. So from November 26, 1992 to February 25, 1993, the House of Commons did nothing about it. Suddenly, on February 25, the House of Commons decided to act and God knows when they will send us the bill, but it will be sent at some point!

So why is it suddenly up to us to decide that we must consider this bill when they send it to us? They were prepared to let three months go by before second reading. If we take three months when the bill comes to us to refer it to a committee, surely we cannot be told that we are the ones causing problems!

Senator Poitras, I am sorry, but on a question of principle, I cannot support your request, although I understand your point of view. I think that we must get away from this government pressure and make the Senate more independent. We should not accept that we have to pass a bill here just because the House of Commons decides that it is urgent.

Hon. Roch Bolduc: It is relative independence, otherwise it would make no sense.

Senator Molgat: Relative independence, yes. I am not saying that we should take forever to consider bills here. I repeat, first reading of this bill in the House of Commons was on November 26, 1992. Nothing was done on it until February 25, 1993. Surely they cannot then say to us that there is a big hurry to move forward with this bill. I think that we should always tell them, "Run your House the way you like. If you are prepared to spend three months doing nothing, do not complain if we spend three months really considering a bill, as we usually do very well in our committees."

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Senators: Agreed.

Senator Molgat: On division.

Motion agreed to, on division.

INTELLECTUAL PROPERTY LAW IMPROVEMENT BILL

REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Twenty-fifth Report of the Standing Senate Committee on Legal and Constitutional Affairs (Bill S-17, with certain amendments), presented in the Senate on March 1, 1993.

Hon. Gérald-A. Beaudoin: Honourable senators, I move the adoption of this committee report.

[*English*]

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Earl A. Hastings: Honourable senators, I do not wish to delay the adoption of the report. As was explained to us in the committee, the bill itself is very technical in nature and it has the very worthwhile purpose of improving the intellectual property administration practices and procedures. The bill is also designed to improve very important technical reforms. Controversial issues were set aside in the introduction of this bill.

We learned in committee that the bill and the amendments therein were adopted after very wide consultation, primarily with the Intellectual Property Advisory Committee.

• (1500)

Membership in this organization includes representatives from a wide spectrum of organizations and associations with interests and views in the intellectual property business. It was adopted after very wide consultation and the amendments proposed in the bill have the support of the IPAC organization; anything controversial was identified and removed from the bill.

In committee there were government amendments designed to improve the bill, which we accepted, and there were three individual amendments proposed by two witnesses. Two of them were found to be *ultra vires* in that they would require a Royal Recommendation. The third one was suggested to us by Mr. David French. He proposed, essentially, that there should be a more comprehensive grace period of protection under the Patent Act.

While Mr. French proposed the amendment, he did not take issue with the changes in the law that were being proposed with respect to Bill S-17. There are other people who agree with Mr. French that there should be changes as he proposed, but his amendment did not enjoy a great consensus among the organizations. It was therefore dealt with as a controversial proposal and put aside for further consideration.

It is important to bear in mind that the problem raised by Mr. French was really theoretical, one that has rarely arisen, if at all. He has admitted he has never run into this problem in the course of his practice.

For all of these reasons, honourable senators, we are in general agreement with the report that has been presented by the committee and will support its adoption and passage at third reading.

Motion agreed to and report adopted.

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

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

PRIVATE BILL

DAI AL-MUTLAQ—BILL TO INCORPORATE—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Atkins, seconded by the Honourable Senator Doyle, for the second reading of Bill S-13, An Act to incorporate the Dai al-Mutlaq as a corporation sole in Canada — (*Honourable Senator Corbin*)

Hon. Eymard G. Corbin: Honourable senators, if Bill S-13 died, nothing would be lost and much would be gained. What concerns me are the rights and privileges of the individual members of the Islamic sect known as the Dawoodi Bohras residing in Canada; citizens of Canada, who would be adversely affected should we proceed with Bill S-13. Foreigners who wish to operate — I say "operate" advisedly — in Canada have to be reminded of certain fundamental tenets of our Constitution, the principal one being that we function on the basis of a democracy, and the common denominator in a democracy is that we are all born free and enjoy basic rights. The citizens of a democracy are entitled to protection from abuse from whatever source.

It is well known, certainly by senior senators, that I and others have expressed strong reservations in the past with regard to the institution of corporations sole by act of Parliament because they have the potential for denying the democratic rights of those who are born into certain religious beliefs and practices, or choose to associate for religious or other worthwhile purposes.

Corporations sole are a derogation to the general law of Canada, or to what ought to be the general administrative law of Canada if only Parliament were to make the necessary amendments. In the past, incorporation sole was a privilege granted to very few by Parliament. It is by its very nature exceptional and, as such, it merits our attentive examination rather than to be treated as esoteric, quaint and harmless. If the Senate is truly a house of sober second thought, petitioners should not feel hurt or claim that they are being singled out because we are not moving as fast as they would wish. In fact, Bill S-13 is all the more reason for the Senate to tread carefully.

So what about these 16 corporations sole, Roman Catholics and Anglican? Initially the individuals, bishops, were granted incorporations sole by Parliament because their dioceses were then situated on federal lands or straddled provincial and territorial federal lands, and for no other reason. That is why named bishops petitioned the federal Parliament and why Parliament granted their wish.

What about the others that came afterwards? Their circumstances were different. It appears that it was simply a matter of obtaining a federal status similar to that of the bishops, without necessarily having the same geographic or jurisdictional reasons for doing so. Opus Dei wanted federal status, but it was told to incorporate in the provinces or otherwise meet the requirements of the general law of Canada with regard to corporations. The Dai al-Mutlaq wants the same status as given to the bishops originally, but he does not have valid reasons for doing so.

Therefore, we have a departure from established historical precedents whereby what is sought is not a means to circumvent a real jurisdictional obstacle, but an attempt to obtain a privileged status, that of a corporation sole, when it is no longer needed or justifiable in this country, and in this instance is suspect. I will come to that point later.

The mark of approval of Parliament on an incorporation sole can be a powerful propaganda tool. It constitutes approval not only of the corporation, its sole officeholder, but also his dealings, decisions and conduct. So there you are. To add to that, few parliamentarians, unfortunately, are prepared to question the so-called and, at first sight, "religious bills". They say, "Oh, if it has anything to do with religion it must be okay. We are all for religious freedom." So am I, but that does not mean I have to approve of despotism or dictatorship under the guise of religion. Are we blind or deaf to what is going on in many areas of the world today? Do we wish to establish a fertile context for some of these situations to develop unchecked in Canada?

I wish now to come to some fundamental matters. I will quote briefly from the proceedings of the Standing Senate Committee on Legal and Constitutional Affairs, Issue No. 63, of March 8, 1988 regarding the consideration of Bill S-7, an act to incorporate the Vicar of the Opus Dei in Canada.

The members of the committee spent a full hour questioning two expert witnesses on the nature of corporations sole: Mr. Raymond du Plessis, Law Clerk and Parliamentary Counsel, and Mr. R.V. Viets, Chief, Legal Division from Consumer and Corporate Affairs Canada.

• (1510)

At one point, at page 63:6, Mr. du Plessis stated:

> I do not consider it my role to ask for all the reasons why the petitioner has decided to proceed with a particular application to Parliament.

He is right; it is for senators to find out, and to ascertain also that opponents to the bill have an opportunity to be heard.

In answer to a question from Senator Doyle inquiring about the advantages to the organization, Mr. du Plessis said:

> In the case of a corporation sole, there would be no board of directors. Only the head would have corporate status. When documents were signed, they would be signed by and under the seal of that person rather than by two signing officers.

Mr. Viets added:

> Many religious organizations have been incorporated under Part II of the Canada Corporations Act as associations. They have members, that is the way they are structured. This organization will have no members... that is a structural problem. If Opus Dei wants this sort of structure, the federal general law does not accommodate it, one of the reasons being that at least three applicants must constitute a corporation.

Mr. Viets then made a most important statement at page 63:9:

> Protection could be provided by having more than one person signing. If one of the purposes of incorporation is to acquire property, and if that property is not for the sole use of the individual acquiring it on behalf of a group, then it seems to me that incorporation involving more than one person would be better protection for the group. It would be up to the committee to decide whether it wants additional protection in the bill.

Mr. Viets also said, responding to questions from Senator Gigantès at page 63:10:

> The more corporate control you have, perhaps two or more signing officers, the more you reduce risk.

In response to a question from Senator Grafstein at page 63:11, based on the fact that boards of directors are not contemplated — as distinct from powerless and nonrepresentative advisory councils — when he asked: "Therefore, there is not the normal rights to the shareholders in connection with the boards?", Mr. Viets answered: "As I understand it, there does not seem to be any members or shareholders."

That, honourable senators, was the gist of the exchange, and we know what happened to Bill S-7 — it died. The comments made at that time apply to Bill S-13. Power is held by one person, highly discretionary at that. Absolute control by the head. In fact, it appears to be all head! Members do not seem to exist. Bill S-13 never once mentions "members", though it mentions a community, the Dawoodi Bohra Community. Its "individual members" do not exist in law, in the proposed legislation. If they do not exist, then they have no protection.

The bill further emphatically states, and I quote from the preamble:

> (d) that the *Dai al-Mutlaq*, in his sole discretion, controls and guides the administration and management of all assets, funds, properties, investments and other affairs of *Dawat-e-Hadiyah* and other organizations of the *Dawoodi Bohra* Community, or held for the advantage or benefit of any or all of them;

— "them" meaning not "members", individuals, but affairs or organizations.

It is a closely spun web. The Dai al-Mutlaq has the final say, the only say in everything and about every single member of the community: child, woman and man. Even "emissaries, servants, employees, nominees and attorneys" are mentioned in the bill, but never the word "members", even when it comes to "...collect and receive religious contributions".

We have here a corporation which is the very epitome of vertical integration, of total discretionary and absolute power concentrated to the nth degree in one individual with no reference whatsoever so the individual membership of the "community" it purports to "guide", and if and when it does "guide", it is always preceded by some form of "control", like excommunication without a hearing; sanctions with no appeal.

Is it, therefore, surprising that this bill has been vigorously opposed by members of that community, many of whom we know are afraid to speak out? Its current supreme head and his "control and guidance" is objected to not only in Canada, but in Great Britain, India and other places. In modern times in Canada, with the sole exception of the aborted attempt to incorporate Opus Dei, a petition for a corporation sole has never been the object of opposition. The opposition this time is real; it must be heard.

Therefore, it seems to me, the Senate has three choices:

1. To proceed no further because of the divisions within the community. Our approval of this bill would only exacerbate the controversy. Let them settle their differences.

2. Allow the bill to proceed to committee to give a chance to the person requesting incorporation as well as the opponents to the bill an opportunity to present their arguments, as provided for under parliamentary practice and usages.

3. Take the decision here and now by voting against this bill at second reading to refuse it and all further petitions for the incorporation of corporations sole on the basis that the laws of Canada as they exist, both at the provincial and federal levels, or as they could and should be amended, would accommodate everyone and would be of general application.

It should be for petitioners to get their act together in such a way as to satisfy the requirements of the general laws of Canada as passed by Parliament for all, not the other way around.

The Senate has done away with hearing divorce cases. It has done away with granting special dispensations for the marriage of closely related individuals. It is time we also put to rest the corporation sole. At a time when Her Majesty Elizabeth II consents to pay income tax in Great Britain, we should do away with the remnants of privilege under the guise of "corporation sole" — except when required for the proper administration and continuance of the affairs of Her Majesty the Queen in right of Canada, such as the Governor General and the Veterans' Land Act administrator. Both are corporations sole, but they are subject to parliamentary scrutiny in any case. All other corporations sole — religious in nature — should be told to regularize their existence under the general laws of Canada, and we should make that possible for them.

To that end, honourable senators, I will soon be introducing a bill which the Law Clerk and Parliamentary Counsel of the Senate is drafting for our consideration. He is entirely in agreement with this objective.

Before concluding, there are two points I wish to bring to your attention, since they touch on the very principle of Bill S-13.

First, who or what is it that we are asked to incorporate? The incorporation in Canada of the Dai al-Mutlaq, the supreme head of Dawat-e-Hadiyah under the title of "Dawat-e-Hadiyah (Canada)" would be a departure from precedence. All previous incorporations sole carried the recognition of residency, if not the citizenship requirement, in the days when many of us were British or Commonwealth citizens or something of that nature. The Dai al-Mutlaq is not a resident of Canada. Therefore, in my opinion, he does not qualify for incorporation as a corporation sole. He does not qualify for that privilege.

The second point concerns drafting and is again a departure — and a very significant one, in my view — from precedent.

Clause 1 of the bill reads:

1. The office —

note "the office —

— of the *Dai al-Mutlaq*, at present occupied by His Holiness...is hereby incorporated as a corporation sole with perpetual succession.

By this wording — that is, by incorporating "the office" — the residency requirement is completely ignored and put aside. Consequently, the attempt is to incorporate an office and not the natural person who is the holder of the office, which is the very essence of a corporation sole.

• (1520)

It is relevant in this regard that the name of an ecclesiastical corporation sole at common law was the baptismal name of the incumbent and not the title of the office — John Ramsay, not the Archbishop of Canterbury. I refer you to Halsbury's *Laws of England*, paragraph 1213. I do not have the edition.

What have we in Bill S-13? Certainly not a corporation sole in the person of His Holiness, Dr. Syedna Mohammed Burhanuddin, but, rather, "the office" of the Dai al-Mutlaq, at present occupied by the above-named residing in Bombay, India.

There is a difference, and it is not simply semantic. This was never attempted before. It is obviously the only way out of what, to this point in time in all corporations sole approved by Parliament, was a *de facto* residency requirement. All other incorporations sole created by the Parliament of Canada, with the exception of one that I am aware of — and Parliament should have corrected that slip at the time — were of named, real, living, natural people, bishops and others, and their successors to come, residing and operating in Canada, in their districts.

Some have told me that what was really being incorporated was the office, not the person. I do not buy that. The office already exists by virtue of some canon or code of religious law. The purpose of the corporation sole is not to recognize or sanction the existence of the office, but to vest in the person holding the office, a natural person, certain rights and powers for himself, as well as for his or her successors, residing and operating in Canada.

Let us not make any mistake about the wording of this bill: It attempts to short-circuit established practices and prerequisites. What it does is completely turn around — it subverts, if ever there was a good reason for its existence — the very fundamental nature of a corporation sole. This whole business appears to be most suspect.

Hon. Anne C. Cools: Honourable senators, I move the adjournment of the debate.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Cools, seconded by the Honourable Senator Grafstein, that further debate be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, it has already been indicated to my friends opposite that this bill has been with us for quite some time. Although it is not a government bill, there are a number of us who are interested in it no matter what side we are on. We should like to see it move to committee before we adjourn at the end of this week.

Senator Hastings: Why?

Senator Lynch-Staunton: Because we want to move along. Why stall the bill? That is the question.

Senator Gigantès: He just told you why. This is an impossible bill.

Senator Grafstein: But you have not listened to the speech.

Senator Gigantès: No he did not. He just does not care.

Senator Cools: I was not aware there was stalling. Maybe there is. Perhaps Senator Lynch-Staunton knows something I do not know. Perhaps he can share with us the urgency of the bill.

Senator Gigantès: That is, apart from Mr. Borden making money.

Senator Murray: Mr. who?

Senator Gigantès: Mr. Borden, the lawyer for the Dai al-Mutlaq, making money. Apart from that, we are not interested.

Senator Lynch-Staunton: This bill has been before this house for a considerable time. The debate on it had been adjourned. I do not have the dates in front of me, but it is at least a month. We have heard statements in support and against it. We feel the time has come for this bill to go to committee or to be disposed of at second reading. Let us decide on it, preferably before we leave this week.

Hon. Lowell Murray (Leader of the Government): What is the intention of the honourable senator? Does she intend to address the bill this week or not?

Senator Cools: I intend to speak shortly.

Senator Murray: This week?

Senator Cools: Perhaps.

Senator Murray: Well, we will have a vote this week then, senator.

Senator Hastings: Closure!

Senator Gigantès: Is it because elections are coming and money will come to your party from the Dai al-Mutlaq?

Some Hon. Senators: Oh!

Senator Gigantès: You are capable of anything; we know that.

Senator Murray: You are the ones who are broke!

Senator Cools: I find this situation quite extraordinary. I was under the impression that this bill was introduced by Senator Atkins. He is very silent. Perhaps he could tell us what the government's urgency is on his bill.

Hon. Norman K. Atkins: Honourable senators, in view of the number of speeches that have been made and in view of the allegations, it is important that this bill get to committee. There is an opportunity at committee to call on witnesses and discuss this bill in order to come to some resolution.

I am here to say to my honourable senators that, after it is reviewed in committee, if there is anything that emerges out of the committee hearings that suggests that we should not proceed, then I will be the first to withdraw it. However, I refuse to withdraw it until we get it to committee, and I hope it is possible to get it there.

Senator Murray: Honourable senators, I have been conferring with the Deputy Leader of the Government. I want to be quite open with the honourable senators as to what our intentions are on this side.

This bill has been with us a long time. As the sponsor has indicated, we believe that it is appropriate that it go to committee without prejudice to anyone's position, pro or con, on the matter so that those who wish to advocate its adoption and those who wish to oppose will have an opportunity to speak to it and to give their reasons for so doing.

The honourable senator has moved the adjournment. We are quite prepared to accept that on the understanding that she intends to speak tomorrow or the next day. However, if she does not intend to speak tomorrow or the next day I want to let her know that we would vote against any adjournment beyond this week.

Senator Cools: Honourable senators, the Leader of the Government will have to do what he wishes to do, but I find this matter extremely peculiar and extraordinary.

I have just moved an adjournment and I wish to speak on this bill. If you had a quarrel with the fact that a previous senator had stood the matter for too long, perhaps you should have taken up that quarrel with him. But you are taking up a quarrel with me. This particular senator has spoken and I, like many, have been waiting for some time to hear what he had to say so that I could form a point of view on the matter. I propose to do that, thank you.

Senator Murray: You should be able to do that within a day or so, senator.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I rise on a point of order because I want to make my position clear at this time. I do not know when Senator Cools will speak — this is not a party matter and it is up to her as an individual senator to decide on that — but it was my intention to adjourn the debate when she does speak for my colleague, Senator Hébert, who is not here this week. I make that point clear right now so that when it happens, you will know it is not something that I have decided upon at the last minute but is the result of an understanding that I had with Senator Hébert. I put that on the record for the time being.

Senator Lynch-Staunton: I should like to put on the record the following dates in case anyone feels that we are pressing this matter in a short period.

This bill was given first reading on September 17 and has been at second reading since September 22. That is over five months. There have been many opportunities to speak at third reading. The expression here is confirmed that we should like to see this go to committee before the end of the week.

• (1530)

POINT OF ORDER

Hon. Eymard G. Corbin: Honourable senators I rise on a point of order. An injustice has been done to honourable senators. First, the new *Rules of the Senate* limit our speaking time to 15 minutes. My greatest difficulty in preparing for today's intervention was condensing the information I have been able to gather to a 15-minute capsule, and I realize that I exceeded even that time.

The second point to be taken into account is the fact that no one, not a single person on Parliament Hill, including anyone in the Library of Parliament, had any information whatsoever about this group. The only thing we were given was the statement made by the Honourable Senator Atkins.

I am not prepared to accept at face value what Senator Atkins states, nor what is stated by anyone on this side. My job is to examine and scrutinize bills that come before Parliament. I want to know where they come from, who seeks privilege by special act of Parliament and why. Therefore, I do not find it unusual that we would have taken this much time to dig into the background of the community, if I may use the name by which they like to be known.

There has not been excessive abuse of time because, at the beginning, we had nothing on which to move. I ask honourable senators to be reasonable. If my purpose had been to block this legislation, I would not have risen today. I would have said so, and adjourned the matter indefinitely, or for as long as I could under the rules. That is not our purpose. Information is still coming into our offices every day. In fact, fifteen minutes prior to entering the chamber, I received a phone call about this group.

I ask honourable senators to be considerate. There is no obligation whatsoever to give special treatment to bills of private petitioners. It has never been done. We try to accommodate them. In this case, however, there has been strong and vigorous objection to the bill.

Senator Lynch-Staunton: Send it to committee.

Senator Corbin: It is only the second occasion in the history of Parliament upon which petitions for incorporation sole have been objected to. There may have been a third one back in the 1920s concerning the Orange Lodge of Canada. In recent times there were strong objections to Opus Dei, and this time objection to this group. Certainly our job is to protect the rights of individual citizens and to do our homework honestly and thoroughly, and that is what we have been doing.

Senator Gigantès: Honourable senators, on this issue, no one has referred to the fact that this particular individual is currently under investigation in India by a human rights commission composed of former justices of the Indian Supreme Court and the Indian State Appellate Courts. In June of this year, they will give their verdict on whether this particular individual has infringed human rights in India. A previous commission in India, composed of judges, found him guilty of such things. Here is someone living in India and we are being urged to incorporate him here. Why? You have never told us, Senator Atkins.

Senator Lynch-Staunton: Honourable senators, I rise on a point of order. Senator Gigantès has already spoken for 15 minutes.

Senator Atkins: This is why we have a committee.

On motion of Senator Cools, debate adjourned.

MEETING NEW CHALLENGES: CANADA'S RESPONSE TO A NEW GENERATION OF PEACEKEEPING

CONSIDERATION OF REPORT OF FOREIGN AFFAIRS COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the Eleventh Report of the Standing Senate Committee on Foreign Affairs (peacekeeping), tabled in the Senate on 25th February, 1993. — (*Honourable Senator Balfour*).

Hon. R. James Balfour: Honourable senators, in connection with this report I plan to touch on two major themes.

First, I would like to dwell on the United Nations. While peacekeeping operations are not conducted solely by the UN, they usually are. Therefore, it is important to consider the way the UN goes about the business of peacekeeping.

Second, I would like to say a few words about how Canada does the same thing; that is, how the Canadian forces practise peacekeeping and whether those practices could be improved.

Naturally, both of these topics were discussed at length in the Senate subcommittee's report, tabled last Thursday in this chamber, on Canada's contribution to international peacekeeping.

However, as with any committee report, the process itself takes considerable time, while in today's world, every day brings something new in peacekeeping. So it is worth both reviewing some of the highlights of the report and developing some of its main points from my own perspective.

What was, only a few years ago, a marginal activity in the conduct of international relations has become front and centre on the international agenda. What warranted only an occasional mention in the deepest reaches of newspapers is nowadays the stuff of daily front-page reporting and intensive coverage on CNN and every other television network worthy of the name.

The end of the Cold War, it is said, has created a new generation in peacekeeping. The objectivity, impartiality, and modestly-armed forces that were the hallmarks of traditional peacekeeping has given way to the armed protection of convoys, the organization of elections, monitoring of human rights abuses, running the governments of broken down countries, and talk of deploying heavy weaponry and "preventive" troops at the request of only one party — and on and on it goes.

Some of the hardest cases of the past — Cambodia, El Salvador, Somalia, Angola, Mozambique — all of which were deliberately neglected by the international community during the long night of the Cold War, are currently the beneficiaries of peacekeeping missions of all kinds.

Or are they? To put the question another way, how much are they benefiting? There is not one of these new-style UN operations that is without serious problems. Several of them are in grave danger of collapsing from a potent brew of internal strains and external pressures.

In Cambodia, the UN's credibility has been all but destroyed by the refusal of the Khmer Rouge to cooperate with the peace plan they themselves signed. Virtually every aspect of the UN mission is inadequate: The organization of fair and free elections, the protection of human rights, the creation of a neutral political environment, the effort to provide information, the attempts to provide security.

In Bosnia and in Croatia before it, Major-General Lewis MacKenzie's comments about UN operations have been scathing. Among the absurdities he revealed was the UN bureaucracy's insistence, for political reasons, that the headquarters of the initial UN protection force be in Sarajevo — 400 kilometres ahead of the front line in Croatia — despite the protests of all the military involved. He has amply demonstrated what a poor decision that was.

In Somalia, the record of UN agencies in relieving the suffering has been described by Dr. Chris Giannou, a Canadian surgeon who has co-ordinated International Red Cross surgical activities there, as bordering on criminal negligence. Yet when the Algerian diplomat Mohamed Sahnoun, the Secretary-General's special representative for Somalia, dared to criticize these shortcomings publicly, he was summarily dismissed.

In New York, the newly created Department of Humanitarian Assistance has not lived up to the admirable reputation of its Under Secretary-General Jan Eliasson. The subcommittee met with him in New York and came away highly impressed. But we were distressed to learn since that the Secretary-General has not provided him with any of the additional people he needs and that the department is, itself, a disaster.

• (1540)

I wish I could say that was it, that the items mentioned represent the sum total of the problems facing the UN. Unfortunately, my sense is that these are just a few symptoms of a much greater malaise afflicting the entire UN system.

This malaise is the result of a dangerous combination of factors: An apparent lack of political will on the part of the major players, notably the permanent five members of the Security Council; bureaucratic inertia; petty bickering and jealousies that are allowed to run rampant; and serious structural difficulties in the way peacekeeping and related concerns such as humanitarian assistance are organized.

The Senate subcommittee tried to suggest a few things we thought might help, but it was not in our mandate to study the UN. Our main task was to look at Canadian policy. Thus it was inappropriate for us to pursue a number of promising avenues. That being said, the entire subcommittee did agree that certain things should be done.

First, we were shocked by the lack of an overarching military structure within the United Nations. There is something called the Military Staff Committee, which is supposed to consist of the Chiefs of Staff of the five permanent members of the Security Council, but that body has long been dormant.

Moreover, Canada has never favoured promoting the Military Staff Committee, precisely because it would strengthen the hand of the permanent five; so the subcommittee adopted an alternative approach proposed to us by a witness from Queen's University.

We urged the government to consider proposing the creation of a subsidiary organ of the U.N. based on Article 29 of the UN charter to act as a military advisory commission. It would have its own Chief of Staff who would report directly to the Secretary-General. This would bolster the military capability of the UN secretariat.

What really took members of the subcommittee by surprise, however, when they visited U.N. headquarters in New York, was the complete absence of facilities, even of a crisis or situation room for handling so many and such complex peacekeeping initiatives; something all military establishments have as a matter of course. Instead, we visited a conventional boardroom with a few *National Geographic* maps tacked to the walls.

Accordingly, we also urged the government to make clear to the UN Secretariat the urgent necessity for certain minimal standards of command and control: Specifically the creation of a 24-hour, seven-day-a-week, on-call command centre and a crisis or situation room available to handle more effectively the expanded demands currently imposed on the Secretariat.

The subcommittee also was concerned to learn that probably the very worst aspect of UN peacekeeping was logistic support, that fundamental requirement of any military campaign and of any effort to provide humanitarian assistance.

We recommended that the government use its position to focus attention on the inadequacies of the UN supply system and to advocate that sufficient funds and resources be allocated, first, to the establishment of a trained and experienced logistics staff at UN headquarters and, second, to the maintenance of adequate storage facilities.

Still another issue is the fact that most peacekeeping forces are a hodge-podge of different military practices. In large operations, units are drawn from upwards of 30 countries, each with its own operational standards, many of which are simply incompatible.

Accordingly, the subcommittee pressed the government to emphasize the importance of standardization of UN military operations based on the established continental staff system used by the majority of troop-contributing countries.

Finally, there is the tedious question of the financing of peacekeeping operations. I say tedious, because it has been around for years with no real improvement and because it is complicated. We tried in the report to provide a clear explanation of how the current financing system works, but in terms of solutions we were obliged to fall back on past arguments, which nevertheless are no less true today: In essence, urging the government to press countries in arrears to pay up or shut up.

I have cited most of the subcommittee's recommendations that dealt specifically with the UN, but my own sense is that there is much, much more to be done in terms of UN reform. Nevertheless, if all these recommendations were put into effect, peacekeeping would be in much better shape than it is today.

The second broad theme I want to discuss today concerns how Canada goes about peacekeeping. Tribute should be paid at the outset to the exemplary record of the Canadian Forces in pursuit of peacekeeping. It is a record that perhaps can be matched by one or two other countries, but one that certainly cannot be bettered.

It also is the one pursuit of the Canadian Forces that Canadians overwhelmingly approve and support. Canadians know that their armed forces are good at a good thing. The trouble is that, too often, that is all Canadians know. What they may not have realized is that, in the new era of peacekeeping, traditional approaches and practices must change, or, to be more precise, they must be re-examined. That is the thrust of the subcommittee's report: pride in our accomplishments, tempered by caution about certain illusions, and concern about the need for change.

One illusion that the subcommittee sought to uncover is the sense that Canada has "a divine mission to mediate", a phrase coined by the late distinguished scholar John Holmes, who, by the way, vigorously denied any such mission. Yet too often, Canada's participation in peacekeeping operations has seemed more a case of maintaining our perfect record than of pursuing a reasoned policy.

In its report, the subcommittee made it clear that:

> Canada will not be able to participate in every mission that is requested of it. Indeed, it ought not to be involved if its interests or resources dictate otherwise.

On the other hand, the subcommittee also agreed that Canada should be prepared to deploy its troops on a regular basis in peacekeeping pursuits, provided the criteria for participation are clear and are applied rigorously.

But what has worked well in the past will not necessarily serve us well in the future. The Canadian Forces do not want to be caught in the position either of fighting the last war or planning for the last peacekeeping expedition.

In this post-Cold War era, we need to look at the way in which our peacekeepers are trained. The Canadian Forces insist that current training is ideal. As the DND study stated:

> The tools of soldiering are the tools of peacekeeping ... training them for war trains them for peace.

However, while the subcommittee accepted that the military training Canadian peacekeepers receive is of exceptional quality, the subcommittee was persuaded that it could be improved by adding to the curriculum certain subjects that are not necessarily military in character.

Specifically, we recommended that more emphasis be placed on dispute settlement and conflict management programs, as well as on the United Nations, regional organizations, and peacekeeping history and practice. Moreover, once Canadian Forces personnel or units are assigned to a specific foreign locale, they should be specifically instructed in the history, tradition, and culture of the country to which they are being sent.

This seems to me like common sense. Good as the training and record of the Canadian Forces has been, the new era of peacekeeping may demand still more of them, and they should be trained to meet these varied demands.

The subcommittee also suggested a "quick in, quick out" approach to peacekeeping for the Canadian Forces. In other words, as a general rule of thumb for peacekeeping engagements, Canada could deploy its forces, whether infantry, artillery, signals, engineers, supply or any other branch, for the initial phase of an operation. This would entail a fairly mobile force with the transportation capacity necessary to permit rapid deployment. Canadian peacekeepers would establish the basic infrastructure of the operation either on their own or in cooperation with professional forces from other countries.

In more dangerous situations, the combat arms component, the armour, infantry, artillery and air defence, could be more heavily armed than in traditional operations as a deterrent to potentially troublesome elements.

By deploying such a contingent quickly, initial stability would be provided, allowing the UN time to prepare and organize a more permanent force. The Canadian Forces should consider such a force — a mobile, rapid-reaction force more heavily armed than those used in traditional operations. Once this force had established the basic groundwork for the operation, the policy inclination would be to withdraw it.

• (1550)

However, in order for this approach to work most effectively, the government would be wise, if not to reconsider its decision to close Lahr, Germany as a Canadian Forces base, then at least to consider providing a staging area in Europe, preferably in Germany. This would provide a logistics and transportation centre for peacekeeping forces to facilitate the movement of troops to areas of conflict in Eastern Europe and the Middle East.

One final word, and then I will close. When I tabled this report, I said that the government's rule of thumb for participation in peacekeeping missions ought to be where Canada's strategic interests overlap with our moral concerns. Surely, the policy area where these coincide is found in the need to encourage a strong multilateral system and a revitalized United Nations. To this end, Canada should continue to press for strengthened UN capacities in preventive diplomacy, peacemaking and peacekeeping. This could well be the greatest challenge of all.

Hon. Senators: Hear, hear.

Hon. Earl A. Hastings: Would the Honourable Senator Balfour permit a question?

Senator Balfour: Of course, honourable senators.

Senator Hastings: We owe you, Senator Balfour, and the members of your committee a debt of profound gratitude for the report that you have placed before us. It is certainly of the calibre that we have come to expect from your committee and its sub-committee.

As you correctly observe, with the collapse of the Soviet Union and the end of the Cold War we have entered into a time of profound change. There is an effort being made worldwide to initiate and guide the changes that are taking place. I rather suspect the report of your committee will make a worthwhile contribution to those discussions.

I believe I heard you say that you advocated the creation of a military advisory committee at the United Nations. Might I ask you to elaborate somewhat on what you envision? Do you envision a structure at the United Nations with the Chiefs of Staff and so forth, a command structure? Or do you really mean an advisory committee which would advise the powers that be?

Senator Balfour: I really mean both. I envision a military advisory committee which would encompass more than the permanent five as one element. The command and control structure is another element that is sadly lacking at the United Nations, to the point where troops under the auspices of the United Nations were being put in harm's way in Somalia and Yugoslavia. If the commander in the field wished to receive direction on the weekend, he had no one to talk to. That is what it boiled down to.

Hon. Philippe Deane Gigantès: Honourable senators, I should like to commend Senator Balfour for an excellent report, which provides a proper contrast with the frivolous talk about Bill S-13.

On motion of Senator Corbin, debate adjourned.

ROSE/ROTH SEMINARS

PARTICIPATION OF THE SENATE OF CANADA

Hon. Earl A. Hastings rose pursuant to notice of Wednesday, December 2, 1991:

> That he will call the attention of the Senate to Rose/Roth Seminars held in Moscow, Russia June 29, 1992 and in Tallinn, Estonia October 28, 1992 and the participation therein of the Senate of Canada.

He said: Honourable senators, I wish to seize the opportunity this afternoon to bring to the attention of honourable senators another initiative that has been undertaken by the North Atlantic Assembly as we practise outreach to those nations in Eastern Europe and the former Soviet Union and as we seek to assist them in the democratization of their countries and in becoming full partners in the world community.

The outreach program to these countries is one of the most impressive initiatives of the North Atlantic Assembly. The Rose/Roth initiative, as it is known, has had very startling successes in establishing relations with the governments and parliamentarians in those countries.

Named after United States Congressman Charlie Rose, who is President of the North Atlantic Assembly, and United States Senator William Roth, and funded by the United States, the Rose/Roth Seminars are part of the assembly's outreach program to develop democracies in Central and Eastern Europe.

I have had the opportunity to participate in two Rose/Roth Seminars, one held in Moscow from June 29 to July 1, 1992, which I had the honour to co-chair along with Mr. Sergey M. Rogov, the Director of the Centre for National Security and International Relations of the Supreme Soviet of the Russian Federation. The second one I attended was in Tallinn, Estonia, from October 26 to 28, 1992, hosted by the State Assembly of the Republic of Estonia.

The theme of the Tallinn meeting was "Security in the Baltic Region", while the earlier Moscow session focused on nuclear security in the Commonwealth of Independent States.

The goal of these seminars is not to produce instant solutions but to build greater understanding and awareness among participants. As Congressman Rose said at the opening of our thirty-eighth annual session of the North Atlantic Assembly, it is to "lay the foundations for truly cooperative security."

These seminars bring together parliamentarians, technical experts, policy specialists and government officials from the East and West. For example, participants in the Moscow seminar included Major-General Vsevolod Medvedev, Deputy Director of the Centre of Operative Strategic Studies of the Russian Defence Ministry; Mr. Ivan Oleinik, Deputy Defence Minister of Ukraine; and Mr. Victor Sheiman, Secretary of the Commission of State Security of the Belarus Supreme Soviet. Russian academics, including leading weapons designers, also played an active role in these discussions.

The main North Atlantic Assembly delegation was joined by delegates from three North Atlantic Assembly associate members — Bulgaria, Hungary and Poland.

Within the former Soviet Union, no issue is more complicated than the control and future of nuclear weapons. The Moscow session addressed the substance of these closely related issues.

• (1600)

Nuclear weapons systems are based in four republics — Russia, Kazakhstan, Belarus, and Ukraine — and have been placed under the joint command of the Commonwealth of Independent States. Control, however, effectively lies in the hands of the Russian president and the military. The other republics have only a political veto over use of CIS weapons in their territory. Delegates from Belarus and Ukraine expressed concern about not having physical control over the weapons based in their territories.

The three non-Russian republics have made commitments to becoming non-nuclear states. Russia and the United States have committed themselves through the Strategic Arms Reduction Treaty and other agreements to substantial reductions in strategic and tactical weapons stockpiles.

Reduction in Russian weapons stock and the move to non-nuclear status by the other three republics have pushed warhead dismantlement to the front of the nuclear agenda in the former Soviet Union. While the simplest solution would be to ship all of the weapons to Russia, it is not possible. On the most basic level, Russia lacks the capacity to store these weapons, the facilities to dismantle them, and secure storage space for the fissile materials — primarily uranium and plutonium. It is hoped that all tactical and strategic nuclear weapons will be in Russia by 1998.

It should be noted that nuclear weapons maintenance involves dismantling of existing warheads. This technology already exists in Russia. The scale of the proposed dismantlement is a challenge that must be met by all four republics and shared by the western world.

In January of 1992, an American technical delegation estimated that dismantlement and storage of the former Soviet nuclear weapons would cost $17 billion U.S. It is clear that the CIS will require international aid and support to dismantle these weapons.

Canada has made a commitment to the peaceful transition of the former Soviet nuclear program. Thirty million dollars has been committed over a period of three years to fund the nuclear safety initiative and help ensure the safety of Soviet-designed nuclear reactors. A further $3 million has been pledged to an international science and technology centre which will provide alternative employment for Soviet nuclear scientists. The centre is one step closer to halting the proliferation of nuclear weapons technology.

Nuclear proliferation is a worldwide concern. We are all familiar with the media reports about Russian nuclear scientists being approached to work on other nations' nuclear programs. Alternative employment can help prevent the proliferation of knowledge. The transfer of existing weapons can be reduced by rapid dismantling efforts and effective security measures at military bases with nuclear technology.

In ongoing weapon maintenance, fissile material is returned to other warheads. With dismantlement, however, these materials must be securely stockpiled or used for other purposes. Neither Russia nor the other republics have suitable existing storage for these materials. Russia is considering building a storage facility in Siberia. Such a facility would take five years to complete.

Our work in Moscow focused on the open exchange of opinions about the future of the nuclear program in the Commonwealth of Independent States. Clearly, there are differences of opinion in approach between Russia and the other republics and between the former Soviet Union and the NATO bloc. These differences and concerns were explored and discussed openly.

As I mentioned, the focus of the Tallinn seminar was stability in the Baltic region. Delegates attended from a number of NATO member states, the Baltic Republics, Russia, Ukraine, Belarus, Bulgaria, Czech and Slovak Republic, Poland, Sweden, and Finland.

As it happened, the Baltic security theme in Tallinn was particularly timely in that, a few days prior to the meeting, the Russian defence ministry announced it was suspending the withdrawal of the Russian, formerly Soviet, troops from the three Baltic States. Latvia, Lithuania and Estonia view this decision as a threat to both their safety and sovereignty.

Honourable senators, in all of these seminars, one of the great contributions that is made is the bringing together of parliamentarians from western democracies and eastern bloc nations for open and frank discussion on various issues faced in the world today. At the Tallinn conference, one of the delegates, in an aside to me after a meeting, said that the great lesson he learned at the Tallinn conference was compromise. He had never understood in all his years as a politician in Estonia the art of compromise. At this conference he had learned that men of differing opinions can sit down at a table, as we did that day, with the Russian and Estonian delegations facing each other, the Estonian delegation wanting those Russian troops out of there tomorrow and the Russians coming back and saying, "What do we do with them? Do we take them to the streets of Moscow and dump them? We have a problem getting them out." Throughout the day, throughout the back and forth discussion, there came an understanding that both had a problem, and both exerted themselves to a logical compromise agreement; a timetable for the withdrawal of the troops to the satisfaction of the Russian and Estonian delegations.

However, the great lesson is the building of bridges of understanding between parliamentarians of these emerging democracies, as we in the west try to assist by imparting our knowledge and experience to parliamentarians who are having difficulty in fulfilling their roles in their countries as they attempt to introduce democracy.

Honourable senators, I express my appreciation to the Senate for permitting me to participate in these Rose-Roth seminars, which I did in conformity to the Senate travel regulations.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Would Senator Hastings permit a question?

Senator Hastings: Yes, by all means.

Senator Molgat: Did I understand him correctly to say that by 1998 all of the nuclear weapons will be back in Russia?

Senator Hastings: That is the objective at the present time; to convince those republics that have nuclear weapons to surrender them to Russia. By that time, it is hoped that Russia will have suitable dismantling equipment and suitable storage.

It is under the control of Russia at the present time, but it is a matter of convincing three of the new republics that this is the safest and most logical way to proceed.

[Senator Hastings]

Senator Molgat: But they have not yet been convinced? Is that under discussion or is that settled?

Senator Hastings: That is the goal. The goal is to have it in Russia by 1998. However, that is still under discussion. I think one of the republics has agreed. I think the stumbling block is Ukraine.

The Hon. the Acting Speaker: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

VETERANS AFFAIRS

CIVILIAN WAR PENSIONS AND ALLOWANCES—DEPARTMENTAL POLICY

Hon. Jack Marshall rose pursuant to notice of Tuesday, January 26, 1993:

> That he will call the attention of the Senate to contradictions in the policy of the Department of Veterans Affairs which excludes certain persons as defined under The Civilian War Pensions and Allowances Act from entitlement to the Veterans Independence Program.

He said: Honourable senators, I rise to address inquiry No. 61, calling the attention of the Senate to omissions in veterans' legislation and the related health care regulations which contradict or discriminate against certain persons who are not entitled to benefits thereunder, despite fulfilling the requirements for eligibility as defined under the veterans charter.

These omissions have come about because amendments introduced over the years, while they have brought about improvements to many, have left out other groups who are just as deserving. Despite the fact that the Department of Veterans Affairs has been made aware of these glaring deficiencies, they have failed to correct them and these Canadians, facing the declining years of their lives, need the benefits provided under the program on an urgent basis.

• (1610)

Needless to say, honourable senators, my appeals to various ministers of veterans affairs in addressing the inequities through this chamber, through the subcommittee and through direct communication with the department, have gone unheeded. For example, in the recent report of the Subcommittee on Veterans Affairs, "It's Almost Too Late" our recommendation No. 8 asks that the Veterans Independence Program be immediately extended to civilians who served in close support of the wartime armed forces as enumerated under the Civilian War Pensions Allowances Act and that these benefits be comparable to those offered military veterans. That recommendation was made a few years ago. The answer from the then minister was that further expansions in the eligibility criteria are not currently under consideration. In spite of further attempts, I am still waiting.

My inquiry, however, addresses contradictions in the policy of the Department of Veterans Affairs which excludes certain persons as defined under the Civilian War Pensions and Allowances Act from entitlement to the Veterans Independence Program, certainly one of the most generous ever introduced on behalf of veterans; a program which was timely in its creation and the right program at the right time as the veterans grow older and are limited in their capacity to fend for themselves.

The program is designed to look after aging veterans in their own home where they are happier and with their loved ones and at much less cost to the public, rather than having to be placed in an institution far away from family and friends.

The program began in April, 1981 and up to 1988 was extended to various groups of veterans on a scheduled basis, according to what was deemed to be the order of priority, and to allow time to handle the influx of applications and the rhetorical budgetary restraints.

First, I should review the process of eligibility for the War Veterans Allowance for benefits and which, in turn, entitles a veteran to the Veterans Independence Program.

Leaving aside, for the purposes of my inquiry, eligibility under the Disability Pension Act, subsection 31(3) of the WVA Act states the definition of a Canadian veteran as follows:

> A Canadian veteran of the First World War and the Second World War is any former member of His Majesty's Canadian Forces (who):
>
> (a) served in a theatre of actual war.

It is very simple. That was the requirement for entitlement in the act which was enacted in 1930. There were no "ifs", "ands" or "buts" about it. They had to have served in a theatre of actual war. Yet over the years, through the generosity of governments past and present, they expanded the theatre of war requirement to give eligibility to more veterans through decisions, though they contradicted the original intent as I described it.

First they amended the rules which extended or redefined "theatre of war" to include service while on duty beyond the three mile territorial limits surrounding the continents of North and South America and the islands adjacent thereto, including Newfoundland, Bermuda and the West Indies. Then the generosity went even further. They deemed also that service in a theatre of war included those on duty who travelled by ferry across the Northumberland Strait, between Prince Edward Island and the mainland.

Those Canadians who were qualified as having served in a theatre of actual war gained entitlement to the allowance under the new amendments which only came into effect as a result of a precedent decision in the 1980s.

Further, in 1965, legislation was introduced to allow civilians under Part XI of the Civilian War Pensions Allowances Act to qualify for the equivalent of the War Veterans Allowance Act on the premise that they served in a theatre of war or in support of the armed forces on an equal basis with armed forces personnel. Therefore, in its generosity, Canada gave entitlement to those Canadians in uniform who served in a theatre of actual war and to civilians who were not in uniform, but who served in support of the armed forces.

Then, again in our generosity, we extended the War Veterans Allowance to even veterans of the Commonwealth or Allied Forces who have lived in Canada for ten years. In other words, after residing in Canada for ten years, they get all our benefits.

However, when the Veterans Independence Program was introduced in 1981 and various groups were added between then and 1988, all veterans who qualified for war veterans allowances became entitled to the Veterans Independence Program, but those civilians who fulfilled the requirements for a theatre of war eligibility in support of the armed forces were not, unless they had a war or service related disability pension. If they had a disability pension they could qualify, so they put a restriction on them even though they fulfilled all the other requirements.

Who are these civilians? Let me place them on the record, honourable senators. Among those included are Canadian overseas welfare workers, nursing aids, ambulance or transport drivers, members of the overseas headquarters staff, orthopaedic nurses who served under the auspices of the Canadian Red Cross Society or the St. John Ambulance Brigade of Canada during the Second World War, Canadian trans-Atlantic air crew of the Second World War including No. 45 Wing, RAF Transport Command and No. 45 Group of the RAF Ferry Command, members of the Newfoundland Overseas Forestry Unit and Canadian Fire Fighters of the Second World War. The list goes on to include members of the RCAF and the RCNVA who flew or sailed beyond the three mile limit, and even civilians who sailed on schooners in what were described as dangerous waters.

Honourable senators, I have intentionally left out of the list Canadian merchant seamen who served in the First World War, the Second World War or the Korean War. I did so to emphasize another generous amendment to the legislation through Bill C-84, passed last July in this chamber, whereby those merchant seamen who were previously covered under the Civilian War Pensions and Allowances Act are now recognized as merchant navy veterans and are eligible for VIP.

Of course, this emphasizes another precedent that was set because the government extended the benefits to merchant seamen and left out or overlooked the other civilians, even though they fulfilled the requirements and since 1965 had been entitled to the same benefits as recipients of War Veterans Allowance.

In April, 1989, the government created another precedent which is best described in a document entitled "The Regulatory Impact Analysis Statement". It says that the amendments therein extend benefits under our Veterans Independence Program to another new group of veterans who are being referred to as Canada service veterans, defined as being a person who served in Canada during war time as a member of the Canadian forces for a minimum of 365 days, is 65 years of age or more and is in economic need.

Therefore, he need not have served in a theatre of war but qualifies on the basis of being 65 or over, and having served 365 days in Canada. They changed the rules again. Despite that fact, others have fulfilled the requirements of eligibility. It states definitively in the impact analysis statement that alternatives were not considered as cabinet explicitly directed that this group of veterans were to be extended those benefits available under VIP.

It goes on to say as well: "Consistency with Regulatory Policy and Citizens' Code: The amendments are not consistent, however, in that no early notice was given because such a change was not first foreseen when the 1988 federal regulatory plan was prepared."

It says further, as to the impact anticipated, that the amendments were projected to result in an additional 16,000 veterans qualifying for benefits at an estimated cost of $227 million through 1992-93.

• (1620)

Up to the fourth year, 10,000 of these veterans are now entitled to the Veterans Independence Program. Honourable senators, the consultation process that took place is contained in the Regulatory Impact Statement. That process, which chose the Canada Service Veteran for the benefits, made this point:

> Considerable time was spent in discussions with officials of the National Council on Veterans Associations in Canada and the Royal Canadian Legion in arriving at an approach to expanding the Veterans Independence Program that would be realistic, considering financial restraints, in terms of giving the most useful help to those who need it most.

It is obvious, then, that the Minister of Veterans Affairs in 1988 was part of the process. I can only wonder with some surprise why the veterans organizations and the then Minister of Veterans Affairs would deem the Canada Service Veteran as a priority over the many others who qualified for benefits under the requirements, particularly when they fulfilled all the requirements and the regulations as dictated by the legislation.

Let me make it clear that I have no objection to the relaxation of the requirements giving entitlement to Canada Service Veterans; I supported the Royal Canadian Legion in 1987 when they first proposed the extension of War Veterans Allowance to Canada Service Veterans, and I certainly do not quarrel with the extension of the VIP to them. As a matter of fact, on November 19, 1987, I introduced an inquiry asking for that recognition.

Let me refer you to another decision that was a precedent. It is contained in a letter to me from the Deputy Minister of Veterans Affairs on April 18, 1991. It reads as follows:

> You probably saw Mr. Merrithew's announcement on April 17th, which was that Canadian Forces personnel pensioned for injuries incurred in any special duty area will now be eligible for VIP for their pensionable disabilities. I am sure you are pleased since this was recommendation No. 12 of the Senate Subcommittee's report "It's Almost Too Late".

Honourable senators, today I received a list of those Canada Service Veterans who qualify for VIP. As I mentioned earlier, from 1989-90 to 1992-93, four years, 10,000 have already qualified. Of the $227 million allocation, I am sure enough is left to give to those other deserving individuals.

Before I close, honourable senators, the benefits of VIP are so advantageous that they should be listed and placed on the record. Under that program, veterans are provided with home care up to an amount of $6,242.26 a year. The program provides adult residential care, if the veteran is in a nursing home or needs adult residential care, up to an amount of $87.45 per day.

The Hon. the Acting Speaker: Is leave granted, honourable senators, to allow the honourable senator to continue?

Hon. Senators: Agreed.

Senator Marshall: Honourable senators, one of the other benefits of the program is ambulatory health care. The program will provide ambulatory care up to an amount of $725 a year. The program also provides for health assessments, diagnostic services, minor treatments, rehabilitation support, physiotherapy, recreation and diabetic care, counselling and other related services. The program will even provide home adaptations for alterations to the residence of the veteran to allow the veteran to perform the activities of daily living, to a maximum of $3,629 per resident. The program provides transportation up to an amount of $871.02 a year. This allows the veteran to do his or her banking, to go on shopping trips, or attend social and recreational activities.

Honourable senators, I think I have made my case. I want to conclude by repeating that Canadian veterans have now entered the twilight years of their lives. The governments of Canada, past and present, have established a program to which I have referred. It is, in my opinion, one of the best programs ever introduced to make the later years of life as comfortable as possible for those who need the VIP. Those in receipt of the benefits, along with their spouses, are indebted to the government, but, as I hope I have described, some are left out; indeed, too many are left out. They are justified in their bitterness as to why they are denied the comforts that are available, especially when they have fulfilled the requirements to qualify.

Just a few days ago, one of those civilians to which I referred, Mrs. Verna Braithwaite, a recent amputee who served with the Red Cross on a voluntary basis overseas during the war, was denied those benefits. Her case was brought to the attention of the public through Global TV. I called a friend who indicated that she had volunteered for the service. She fulfils the requirements, but she is not getting the benefits. I have taken her case up, and I am hoping we will win another one.

Mrs. Braithwaite deserves the VIP entitlement, and she is one of many. She deserves entitlement to the program and should not be denied care provided in her home. Not only does she deserve the benefits, but she is entitled to them because she fulfils the requirements under the act, as it says in our last report, "It's Almost Too Late".

Honourable senators, tomorrow I hope to deal with inquiry No. 60, which relates to another unforgivable case, restrictions in the same regulations that deny ex-prisoners of war, if you can believe it, entitlement to the VIP unless they have a disability pension.

Hon. Senators: Hear, hear!

The Hon. the Acting Speaker: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

RADIO CANADA INTERNATIONAL

REDUCTION OF FUNDING — INQUIRY — DEBATE ADJOURNED

Hon. Raymond J. Perrault, P.C. rose pursuant to notice of Wednesday, January 27, 1993:

> That he will call the attention of the Senate to the consequences and the implications of the reduction in funding for Canada's shortwave radio services — Radio Canada International .

He said: Honourable senators, in the challenging and competitive world environment, the way in which we communicate with the people of other nations is very important, both from the standpoint of culture and for good, practical, commercial reasons.

In 1945, a previous and enlightened Government of Canada recognized this fact and undertook and important initiative. To be fair, I think that this action had the support of all parties at that time. I want to be fair about this. They proceeded to put in place Radio Canada International. It was a wise and indeed a superb decision.

Administered and managed by the Canadian Broadcasting Corporation, RCI was funded by the Department of External Affairs. Almost from its inception, RCI won a legion of loyal and dedicated friends worldwide. RCI became Canada's window on the world, winning new friends in every part of the world. Over the years, it served to introduce Canada to millions of listeners in Africa, Asia, Europe, South America — in all of the continents.

RCI proceeded to establish a worldwide reputation for objectivity and fairness. RCI became known for quality programming in a number of the world's languages. Internationally, only the BBC rivalled RCI in general quality and acceptance. The presence of Radio Canada International did nothing but enhance Canada's reputation abroad. Many outstanding Canadian post-war initiatives were supported by people in the international community who were convinced that Canada was a good, peace-loving nation and an honest and reliable broker in world affairs. Significantly, during that same period RCI was very supportive of the whole thrust of Canadian foreign policy. RCI's efforts helped to create Canada's beneficial image abroad.

Technically, in addition to its transmitter site in Sackville, New Brunswick, RCI used relay facilities in Korea, Austria, Portugal, the United Kingdom, Germany, China and Japan. Yet after 46 years of outstanding service, Radio Canada's international budget was drastically cut in 1991. Languages were reduced from 14 to seven and international programming in Canada's two official languages was totally eliminated. They just got rid of all international programming in French and English. That programming was replaced with re-broadcasts of CBC domestic programs with little appeal for international audiences, who used to turn to RCI for informative programs concerning Canada.

I remember listening to Radio Canada International in Korea on my own shortwave receiver, when suddenly, abruptly, the domestic program from Canada was terminated in mid-sentence. When I came back to Canada, I made an inquiry; I said, "What happened to that broadcast? Did you have a transmitter failure?" The answer was, "No, that was as long as we could go under the new budget."

Senator Gigantès: It was cut off in mid-sentence?

Senator Perrault: Yes, in mid-sentence they claimed to have been cut off because of budget constraints. In recent months, a limited number of Radio Canada International programs have replaced domestic programming, but the bulk of the English- and French-service programming still comes via relays of CBC domestic programming.

This week there was a good deal of discussion in a number of publications, notably the *Economist* in Britain. They are questioning Canada's right to be a member of the G-7 Group. There has been a suggestion in the *Economist*, for example, that Spain should replace Canada in that illustrious and prestigious economic club. Significantly, a few months ago Spain initiated a 24-hour world shortwave service styled along the lines of the BBC to enhance Spain's commercial and cultural image throughout the world. What have we done in Canada? We have cut back!

Canada is the only nation in the G-7 Group not undertaking significant expansion in the field of international shortwave broadcasting. The cuts to RCI language services in 1991 eliminated the broadcasts of programming in the official languages of all of the G-7 nations with the exception of Italy. Here we are, trying to win friends and influence people worldwide, yet we have cut back in all of the languages of the members of the G-7 Group to which we would like to stay attached.

Let me emphasize that Spain has gone to a 24-hour world operational basis for its shortwave service in order to win friends and allies throughout the world, while, as opposed to that, the cuts to our language services in 1991 eliminated the broadcasts of programming in the official languages of all G-7 nations. Italian was not carried by RCI prior to the Draconian cutbacks of 1991. That is a special case.

Of particular note is the fact that programming in German, Japanese and Portuguese, the latter being designed for Brazil, was eliminated; these are three of Canada's major international trading partners, and yet theirs were three of the language services totally eliminated in the 1991 RCI budget cuts.

This is almost a suicidal path and should only be taken if we are determined to diminish into insignificance. When over 150 countries of the world are realizing the benefits of international broadcasting and most of these countries are increasing and not decreasing their presence in the international shortwave area, it is baffling, to say the least, to understand just why Canada has chosen to cut back so dramatically on its outreach to the world.

Now major nations in the world are including world satellite television transmissions in their international outreach. They are going beyond shortwave and going into television now. Realizing the value of good relations with the world, three years ago they had a major debate in the British Parliament. The House of Commons and the House of Lords debated how Britain could portray itself to the world. The parliamentarians there provided overwhelming majority support for the establishment of a worldwide BBC television service that would be accessible in all parts of the world 24-hours a day. Indeed, Canadians have partial access to this splendid BBC international programming through CBC *Newsworld* here in Canada. It is quality programming. The British parliamentarians, regardless of party — that is, the Labour Party, the Liberals and Conservatives — decided that for Britain's future commercial and cultural interests in a highly competitive world, this is the way they should go.

What other nation has done the same thing? Germany has just launched a communications satellite known as Deutsche Welle and is telecasting to the world on a 24-hour basis as well with that country's news regarding commerce, trade, culture and international events. It, too, like the BBC, has established a high standard of quality. Via Deutsche Welle in Berlin, German views are given widespread publicity in many parts of the world.

There is also a new Arab international satellite channel in operation 24-hours a day so that the Arab position can be explained to the world. News services can access these satellites and, by agreement, tape excerpts and feature them on local news services. Some of us have satellite dishes, so we know exactly the kind of communications revolution that is under way. I monitor a number of satellite services. Via the satellite channel SCOLA, programming that is produced in the studios of many nations of the world is broadcast via satellite around the world.

Not long ago, for example, they had a performance of the Swan Lake ballet from Leningrad TV on the SCOLA satellite. The signals were available in many parts of the world. Programming from the Ukraine, France, Korea, China and Chile — you name it — is on SCOLA.

Significantly, participants in international satellite television operate, as well, extensive international shortwave services and there is a good reason: Overall shortwave broadcasting, above all the other media, reaches literally billions of people around the world each day.

Not all of the viewers around the world have television sets able to access the satellite television programming, but that may come in time. Some world communities have local receivers and the citizens gather at the local hall in the evening to watch television, but there are obvious technical limitations at this point. On the other hand, shortwave reaches literally billions of people around the world each day.

While television and satellite technology advance by leaps and bounds, radio technology is constant and as effective as ever at reaching people in even the most remote parts of the planet, where television or satellite technology are not accessible every day or on a regular basis. At comparatively minimal cost to other technologies, shortwave broadcasting offers the most return from the investment.

This is why so many of us — and it is not restricted to one party — cannot understand why this cutback took place. Even the president of the CBC, who initially announced the CBC's intention to stop funding the shortwave service, said late last year:

> I learned one very important thing: that Radio Canada International was much more important than I ever thought...

He has admitted himself that it was a bad decision.

Many members of all parties have been outspoken in their support of restoring that funding and developing a bipartisan, multipartisan approach to Canada's relations with the world via shortwave radio and television.

However, we still do not have the answers to a whole serious of questions. We should put the question before a committee of the Senate and call for witnesses. I do not think it needs to be a bitter partisan matter at all. Let us meet together and agree: "All right, Britain and Germany and all of the G7 countries, as well as many other nations, are working actively to enhance their international images through shortwave radio and satellite television. What do we do to present the Canadian position more effectively?" Let us put these and other questions before a Senate committee — and there are many questions out there.

Did the CBC have the legal right to relieve itself of responsibility for financing RCI? By cutting one-third of RCI's $20 million budget, did the government really save $6.5 million or did it have to spend $13.5 more because the CBC took the $20 million marked for RCI in its budget cut of December 1990?

• (1640)

Who made the decision that RCI would either be eliminated or forced to operate on a reduced budget? Why were some ministries contacted for financial help and input in order to allay this RCI crisis, and such an obvious one as tourism, left out? Why was it felt that we could stop broadcasting to our major economic partners, the United States, Germany, Japan, our largest Latin-American partner, Brazil, and the G-7 people? Why were some countries cut off in that manner? The countries of Eastern Europe need our programming even more to guide them through their democratic experiment, referred to so eloquently by Senator Hastings today. Why are we abandoning them?

Three years later, we are no closer to an answer. This is not a partisan political issue. I believe there is support among all the major parties for an inquiry. However, it should be more than an inquiry to attempt to determine why decisions were taken in the past which may not have been in Canada's interest. Let us sit down and develop a positive strategy and program to ensure that we can restore and enhance RCI's previous shortwave service standards that we used to broadcast to the world.

This crippling of RCI — all of this is happening when Canada, one of the largest per-capita trading nations in the world, needs the cooperation of other nations for prosperity; yet we are actually retreating from the stage of international communications. We are not even maintaining international minimums in our shortwave service, let alone supplementing our shortwave service with satellite television.

For the sake and welfare of this nation, something must be done to restore and enhance RCI service to the world.

Honourable senators, since the 1991 decision to cut back RCI's budget, many of those who serve in Parliament, representing all parties, have been sympathetic to the efforts of the coalition to restore full RCI funding. Senator MacDonald and I think alike on this subject. We have been attempting to persuade the government to reverse its penny-wise and pound-foolish policy and reconsider the devastating cut that hit Canada's shortwave service. This cut was initiated by the CBC and has removed one-third of RCI's $20 million budget. It eliminated half of the staff and three-quarters of RCI-produced international programming. Yet even in its crippled condition, this international service is doing a good job. Millions appreciate what it has done and what it is attempting to do.

As reported in an article in the *Globe and Mail* December 15, 1990, Britton Mockridge, one of the last Canadians to leave Kuwait before the Gulf War broke out, stated:

> At 7:00 each morning, all of us would drop everything to tune in to Radio Canada International. After the news there were messages from people back home...There would be 15 minutes, 20 minutes, half-an-hour of 30-second messages. For the longest time, those messages were the only contact we had from the outside world.

Peter Newman stated:

> I believe that the international service is more important than ever in a world that is more competitive than ever and in which Canada's image needs all the boosting it can get.

Our former Ambassador to the United Nations, Stephen Lewis, stated:

> In my experience RCI's coverage of international affairs, and the UN in particular, was as fine a coverage as any part of the media. It is, therefore, heartbreaking and unacceptable to hear that RCI has been cut back. And I hope it will be fully reinstated.

That is the type of support out there.

Some supportive and incredible statements have also been made by representatives of the government. In response to the Coalition at a committee hearing on December 5, 1992, the Honourable Jean Pierre Hogue, Vice-Chairman of the Communications Committee in the other place, stated:

> Having listened to you, I almost feel guilty...Somebody must be wondering what does all this mean?

This Conservative vice-chair is talking about the cutbacks in service.

> There is no visible sign of madness, until now, but somebody's brains must be addled. I am talking about the government or its members.

I suggest that perhaps a serious mistake has been made here and we should sit down together and work out a communications strategy. There are senators on all sides of the house with extensive experience in communications and the media. We could come up with a game plan that could make Canada a real winner in the area of international communications.

I ask that the Government Leader in this place indicate that he and his members are willing to support a referral of this whole matter of RCI funding to one of the Senate committees. Witnesses should be called. We can hear from excellent advisers from both French- and English-speaking Canada. An endeavour should be made on a multipartisan basis to measure the value of the service and how its budget can be restored and enhanced to serve this nation.

A terrible mistake was made in 1991, in the view of many of us. It is not too late to undo the damage.

On motion of Senator Molgat, debate adjourned.

The Senate adjourned until tomorrow at 1:30 p.m.

THE SENATE

Wednesday, March 3, 1993

The Senate met at 1:30 p.m., the Speaker in the Chair.

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, time marches on, and I wish to remind Senator Murray and all honourable senators that for 105 days now, according to his own words, the government has been guilty of political cowardice and contempt of the democratic process. I trust that he is putting pressure on his colleagues in the other place to do something about this situation.

[*Translation*]

RADIO CANADA INTERNATIONAL

REDUCTION OF FUNDING

Hon. Solange Chaput-Rolland: Honourable senators, it so seldom happens that a Conservative senator can support a proposal by a Liberal senator that I felt I must mention this. I would like to say to Senator Perrault that yesterday, his protest against the cutbacks at Radio Canada International —

[*English*]

This is something that I fully support, and I am in full agreement with the honourable senator on this matter. It would be a very good idea to form a nonpartisan committee to redress the situation.

[*Translation*]

Honourable senators, the only thing I would like to add is that when the CBC makes cuts in one of its services, it sometimes costs more to start it up again. Speaking as someone who used to work for the CBC, I may add that the government's cutbacks are not responsible for the fact —

[*English*]

— that the RCI is out. The problem arises with the way in which they were applied. The budget cuts were necessary. Let's face it, the CBC needed to have its budget cut, and could well afford it, but the problem is with the way in which the cuts were applied. Yesterday you said, quite correctly, that it was a gaffe, an error of judgment. I think we all know that it was. However, you went on to point out some facts about the G-7, for example.

[*Translation*]

As one of the seven governments involved, Canada plays an extremely important role in international relations, and now we are cutting back this service, Mr. Speaker. I don't know how much time I have, maybe five minutes, but I assume someone will tell me to stop when my time is up. It so rarely happens that we can support each other that I felt that today I should rise in my seat to let you know from this side of the house that I hope we will create this non-partisan committee. Before I sit down, I have something else to add, and I promise, Your Honour, that it won't take long, and if we create this non-partisan committee and we all —

[*English*]

— we find reasons to push the CBC to recreate this. We should not do it ourselves, but try to do it through the CRTC. Otherwise, we will be seen as intervening, and I would not like that. Perhaps some honourable senators might have some suggestions in this regard. Surely there are enough journalists in this house that we can come up with some good suggestions. Let us find a way to do it, and then present it to the CRTC.

Perhaps I might say to the honourable senator, if you succeed in creating this committee, sir, I would be pleased to serve on it.

Hon. Raymond J. Perrault: I welcome the intervention of the distinguished senator. We are aware of her great experience in the field of communications. Should such a committee be created, it would be unthinkable not to have her serve as a member of it.

The skills which exist on both sides of this house in the area of communications could be put to good use in developing and enunciating a whole new communications strategy for Canada. That should be the objective. I agree with the honourable senator's eloquent statement that we need not revert to any exact status quo. Perhaps we can develop new approaches — go to a new mode, a new way of doing things, taking into account the technical and other advances in the area of communications. Such an initiative would be a positive move towards enhancing Canada's position in the world.

Again, I thank the honourable senator for her assistance in this matter.

PARTISANSHIP

LIMITS NECESSARY IN GOVERNMENT UNDERTAKINGS

Hon. Philippe Deane Gigantès: Honourable senators, it will surprise no-one to hear that I enjoy partisanship, but it has its limits. I always think of partisanship as being something akin to a hockey game: You can bang one another into the boards, but you cannot stop being a hockey player, become a referee and continue to be partisan, as I claim Senator Charbonneau was as Speaker of this house. There must be limits.

For example, the law passed by this government recently abolishing the merit system in the public service is an unethical law. We all know that, come September, the government will be naming their little friends, regardless of merit, to various positions. They will be named under an unethical law, but that will not be their fault. However, after you are defeated and we are in power, I will resist any attempt to remove those people from the positions in which you have placed them, because that would be carrying partisanship to unintelligent levels.

The attempt by Senator Atkins and some people on the other side to push through Bill S-13 is a splendid example of unintelligent partisanship. What are you trying to do? Why should someone under investigation by judges in India for unethical behaviour, someone who lives in India, be given the status of corporation sole in Canada? You are only pressing forward with this because I oppose it and also —

Senator Barootes: That is a good reason!

Senator Perrault: Don't get political, now!

Senator Gigantès: — to give money to a Tory lawyer who probably organizes the collection of funds for your party, and after all, an election is coming.

Senator Simard: Keep up the mudslinging!

Senator Gigantès: You said yesterday that we are the ones who need money. That is true. We have less money than you have, and that is because we are not for sale.

Senator Murray: Because of incompetent management.

Senator Barootes: I sure hope they headline you in the next election. It would be a great help to us.

ROUTINE PROCEEDINGS

[*Translation*]

TOBACCO SALES TO YOUNG PERSONS BILL

REPORT OF COMMITTEE

Hon. Noël A. Kinsella, Acting Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Wednesday, March 3, 1993

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

FIFTEENTH REPORT

Your Committee, to which was referred the Bill C-111, An Act prohibiting the sale of tobacco products to person under the age of eighteen, has in obedience to its Order of Reference of Thursday, February 25, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

Noël A. Kinsella
Acting Chairman

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

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

[*English*]

THE ESTIMATES, 1993-94

NOTICE OF MOTION TO CHANGE COMMITTEE DESIGNATED TO CONSIDER VETERANS AFFAIRS VOTES

Hon. Jack Marshall: Honourable senators, I give notice that tomorrow, Thursday, March 4, I will move:

THAT Veterans Affairs Votes 1, 5, 10, 15 and 20 of the 1993-94 Estimates, which were referred to the Standing Senate Committee on National Finance on February 25, 1993, be withdrawn from the said committee and referred to the Standing Senate Committee on Social Affairs, Science and Technology.

NOTICE OF MOTION TO CHANGE COMMITTEE DESIGNATED TO CONSIDER CERTAIN COMMUNICATIONS VOTES

Hon. Jack Marshall: Honourable senators, I give notice that tomorrow, Thursday, March 4, 1993, I will move:

> THAT Communications Votes 35, 40, 45 (Canadian Broadcasting Corporation), 80 (National Film Board), and 65 (CRTC) of the 1993-94 Estimates, which were referred to the Standing Senate Committee on National Finance on February 25, 1993, wherein the said votes deal with the series of films *The Valour and the Horror*, be withdrawn from the said committee and referred to the Standing Senate Committee on Social Affairs, Science and Technology.

• (1340)

QUESTION PERIOD

TRANSPORTATION

PROPOSED LAYOFFS BY CANADIAN NATIONAL RAILWAYS—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government in the Senate. Earlier this week, the CNR announced that they intended to lay off 10,000 workers within the next three years. This is a devastating announcement for the whole of the country, but it is particularly devastating for certain centres such as Moncton and Winnipeg where there are large CN establishments.

Has the government any proposals to temper the effects of this layoff? If the CN is absolutely convinced that it is necessary, is there not at least some way of protecting the workers who have been with the CNR for a number of years, or even those who have recently come on board? Is there not some kind of government proposal that might assist these workers?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I should note that the planned reductions of 3,000 for 1993 and those contemplated for 1994-95 are to be achieved through a combination of early retirements, attrition and separation packages.

Further to that — and this will be an interesting area to pursue at some point — the benefits that are provided to terminated employees are among the best in Canadian industry. The collective agreements that the railways have, and in particular that CN has, are exceedingly generous in this respect.

BOSNIA-HERZEGOVINA

CANADIAN PARTICIPATION IN POSSIBLE UN MILITARY INITIATIVE—GOVERNMENT POSITION

Hon. Raymond J. Perrault: Honourable senators, still more horror stories are emanating from Bosnia today. It is alleged that there is another Serbian offensive which has set in flames as many as a dozen or so Bosnian Muslim settlements.

The Secretary-General of the United Nations is quoted as having said that it may now be necessary to have some international force intervene militarily in the situation. This would appear to be a departure from his previous position.

Can the Leader of the Government in the Senate provide any information update as to the Canadian position vis-à-vis the situation in Bosnia, and whether or not there have been any consultations involving the Secretary-General and our representatives regarding possible Canadian participation in any military initiative?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not have any up-to-date information on that matter. I have heard, as I am sure my friend has, the reports indicating that an effort of the kind referred to by the honourable senator might be made through NATO, but I have not had an opportunity to consult my colleagues on this. I will do so, and try to bring some up-to-date information here tomorrow.

THE BUDGET

POSSIBLE DATE OF PRESENTATION

Hon. M. Lorne Bonnell: Since it is now March, can the Leader of the Government in the Senate tell us when we might expect the presentation of the budget?

Hon. Lowell Murray (Leader of the Government): Honourable senators, no date has been set for the presentation of the next budget. The budget that is normally presented in February was not presented this year because we had already brought in a comprehensive fiscal and economic update on December 2, 1992.

Senator Bonnell: I know the government has not yet brought in a budget, but can the honourable leader tell me when we might expect one?

Senator Murray: No, honourable senators, I cannot, because no decision has been made in that respect. I have heard within the past few hours, as I am sure has my honourable friend, statements attributed to the Minister of Finance to the effect that he is now preparing a budget. I believe the month of April was mentioned. Again, no firm decision has been taken by the government as to the date of the next budget, and it will take a formal decision by the government.

INDIAN AND NORTHERN AFFAIRS

AGREEMENT RESPECTING NEGOTIATIONS ON MÉTIS SELF-GOVERNMENT—REQUEST FOR INFORMATION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, on February 17, I believe, Canadian Press announced that the federal and Saskatchewan governments will sign an agreement with the province's Métis tomorrow to begin the process of negotiation towards self-government. Perhaps the minister could tell us exactly what is contained in that agreement. Further, will similar arrangements be offered to other provinces?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I regret to say that I do not have a note on that matter, and I shall have to make inquiries of Mr. Clark.

Senator Molgat: While the minister is making his inquiries, perhaps he would also obtain for us a copy of the agreement.

Senator Murray: Yes, honourable senators.

COMMUNICATIONS

FUTURE OF CANADIAN MAGAZINE INDUSTRY—REQUEST FOR INFORMATION

Hon. Keith Davey: Honourable senators, I wish to ask the government leader what is becoming a perennial question, about the future of *Sports Illustrated* in Canada. Why the lengthy delay in making this decision? Surely Mr. Beatty and Mr. Jelinek can work together to come up with some kind of decision. I think *Sports Illustrated* wants to come into Canada by the end of March or the first part of April.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not have anything new to report on that matter today. I shall make inquiries to see if there is something I can report to the honourable senator tomorrow.

AGRICULTURE

POSSIBILITY OF MARIJUANA GROWN UNDER PERMIT—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, can the Leader of the Government tell us whether or not it is the intention of the federal government to issue permits for the growing of marijuana in Canada?

Senator Doody: Stick to tobacco.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am sorry to disappoint my honourable friend, but the answer is no.

Senator Perrault: You mean the idea has gone up in smoke.

NATIONAL DEFENCE

REPORT OF INVESTIGATION INTO CRASH OF HERCULES AIRCRAFT EN ROUTE TO ALERT—REQUEST FOR INFORMATION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, on several occasions I have asked questions of the Leader of the Government regarding the final report on the unfortunate aircraft crash at Alert. The last time I asked such a question was in January of this year. The reply I received at that time was to the effect that the final report is still being prepared. Perhaps he might inform us as to when we might expect the final report.

Hon. Lowell Murray (Leader of the Government): There again, honourable senators, I shall have to make inquiries.

Senator Molgat: While my honourable friend is making inquiries in that regard, perhaps he might also inquire as to the current situation of the two unfortunate civilians who were on board that aircraft. I understand that both of them have had difficulty in reaching some kind of financial agreement with the government. I presume that the Department of National Defence has taken care of the armed services personnel involved. However, there were two civilians on board, Sue Hillier from Trenton and Robert Thomson. I believe they are now in a situation where they must depend on a legal claim, which seems to me to be an unfair way of proceeding. Surely the report should be completed, and the Department of National Defence should have some obligation to these people.

Senator Murray: Honourable senators, I will see what information my colleague Mr. Corbeil may have to offer on that matter as well.

THIRTY-FOURTH PARLIAMENT

POSSIBLE PROROGATION OF THIRD SESSION

Hon. Peter Bosa: Honourable senators, there has been some speculation as to whether this session will be prorogued. I wonder if the Leader of the Government could shed some light on this particular subject.

Hon. Lowell Murray (Leader of the Government): Honourable senators, for all I know, the Prime Minister is at Rideau Hall as we speak recommending prorogation or the signing of the instruments of prorogation, but I think not. I think it is more likely that the House of Commons and the Senate will be asked to complete the major legislative business that is before those Houses before we prorogue this session. My educated guess is that prorogation is not imminent.

• (1350)

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Did I understand the Leader of the Government in the Senate to say that, for all he knows, the Prime Minister might be at Rideau Hall right now, proceeding with prorogation?

Senator Murray: Honourable senators, I was making the point, perhaps in a somewhat dramatic manner, that anything I may have to say about prorogation, or dissolution for that matter, is always subject to the Prime Minister, whose prerogative it is to tender that advice to His Excellency.

Senator Molgat: Of course, when an eminent member of the Privy Council and close confidant of the Prime Minister makes the suggestion that possibly the Prime Minister is over at Rideau Hall now, it certainly raises the level of speculation in the whole community.

Senator Murray: To set the honourable senator's mind at rest, the Prime Minister is probably on his way to Toronto, come to think of it, where he has a speaking engagement tonight.

Hon. M. Lorne Bonnell: Honourable senators, the Leader of the Government does not seem to know what is going on.

Senator Molgat: They have lost track of the Prime Minister.

Senator Bonnell: They have lost track of the Prime Minister, they do not know when the budget is coming down, and they do not know that people in Quebec are trying to get permits to grow marijuana. They don't seem to know much!

TOBACCO SALES TO YOUNG PERSONS BILL

RESPONSIBILITY FOR REMUNERATION OF ENFORCEMENT OFFICERS—GOVERNMENT RESPONSE

Hon. M. Lorne Bonnell: Yesterday, the Standing Senate Committee on Social Affairs, Science and Technology met and considered Bill C-111. The minister did not appear before that committee at that time. However, some officials did appear, and were asked questions about enforcement officers that the minister will appoint under this bill.

This is a federal bill, passed by the Parliament of Canada. According to the officials who appeared before the committee, the provinces and municipalities will be asked to pay the costs of those officers to be appointed. To me, that is another tax on provinces or municipalities.

Can the Leader of the Government in the Senate tell me whether or not it is a fact that the federal government, which will appoint those officers to carry out inspections called for under federal legislation, expects the provinces and municipalities to pay the costs of office supplies, transportation, salaries and everything else for such enforcement officers?

Hon. Lowell Murray (Leader of the Government): Honourable senators, we have received the report of the committee. The acting chairman of the committee reminds me that the motion to report the bill without amendment was passed unanimously by the committee. The bill is to be debated at third reading tomorrow, and if my honourable friend has views on it, I trust he will express them then.

Senator Bonnell: Honourable senators, the Leader of the Government does not seem to know the answer to the question. I am asking — before third reading debate — if the federal government is passing the buck to the provinces and municipalities with respect to the payment of the salaries, administration costs and transportation for enforcement officers appointed by the federal minister to enforce a federal act? Who will pay their salaries? I would like to know that before third reading tomorrow, because I might have to vote against the bill, and I do not want to do that.

• (1400)

Senator Murray: I appreciate the point the honourable senator has made. We will take note of the question.

However, I am told again by the acting chairman of that committee that this matter was canvassed at the committee, and an answer was given. In any event, I will rely on the sponsor of the bill or the acting chairman of the committee to take part in the debate tomorrow, and to deal with any concerns the honourable senator might have.

Senator Bonnell: Honourable senators, I want to vote for this bill. I agree with the philosophy of it, although I do think it is too little too late. I also understand that the bill will not come into effect until 1994. I do not think it should be deferred, but that it should be put into effect immediately. Another 40,000 Canadians will die from cancer in the meantime. Another 120,000 13-year-olds will start smoking in the meantime. In my opinion, the government is procrastinating in not proclaiming the bill.

However, I need to know the answer to my question before tomorrow, and I cannot depend on the chairman because he is not a cabinet minister and has nothing to do with government policy. The officials who appeared before the committee yesterday could not tell me about government policy. You, however, are a minister of the Crown and can talk about government policy, and you can answer the question and tell me before tomorrow's vote. That is good enough for me.

Hon. Noël A. Kinsella: Honourable senators, in committee yesterday, this matter was raised.

Section 8 (1) provides for the administration of the bill. Effectively, the minister is given the authority under section 8 (1) to designate any person as a peace officer.

If a municipality wants to participate in the enforcement of the bill, obviously they cannot mandate a municipal peace officer to do this. As a result of the consultation that has taken place between the provinces and the federal government, different classes of peace officers may want to be involved, or the government may want to be involved.

The federal minister would be able to use this section to designate a person to act as an enforcement officer for the purposes of the act. It is not *ipso facto* that every peace officer in the province would be appointed. This would be subject to negotiation.

As we were told yesterday, there will be federal officers who will have the designation, but there could also be provincial officers. However, it is not necessary for the purposes of the enforcement of the act that there be provincial officers.

Senator Bonnell: Thank you, Mr. Chairman of the Committee, but you did not answer the question, either. Who is paying the bill? You are saying the minister can do this or that, or he can appoint these officers. I read all that in the bill. The bill tells me everything that you just said. However, what I want to know is not in the bill.

Who is paying the costs of those officers appointed by the federal minister to carry out federal legislation? Is it the provinces, or is it the municipalities?

Senator Kinsella: I think it is very clear that if the officers who are appointed by the minister are employees of the Public Service of Canada, they will be paid by the Government of Canada directly.

If, on the other hand, they are peace officers who are members of the RCMP, and pursuant to a federal-provincial contract the policing services in a given province are being done by the RCMP, then those officers will be paid pursuant to that agreement.

If, however, it is a municipal peace officer who is given jurisdiction, typically the budget that pays those peace officers is the budget that is raised by that municipality.

For purposes of this act, if a municipality or a province chooses, as a result of the negotiations that will take place, to participate in the enforcement of the act, they will be paid as they are currently being paid, either by the municipality as an employee of the municipality, by the province as an employee of the province, or as a result of a contract for policing, if it is an RCMP peace officer who is carrying out policing functions in the province.

Senator Bonnell: The only thing I can say to you, Mr. Chairman, is thank God you are not the leader, because your answers are very long with no substance to them. In fact, you still did not tell me who is paying the bill. What I would like to know is, who will pay for these officers?

As far as participation is concerned, everybody in Canada will participate because it is the law of Canada. We all have to participate. Every province, every municipality, every store owner; we all have to participate in carrying out this law. As far as your comments about participation are concerned, that is a lot of hogwash.

Who is paying the officers appointed by the federal minister to carry out the policing of the federal act? That is what I want to know.

Senator Kinsella: They will be paid by those who are currently paying them.

Senator Bonnell: Do the ministers of the provinces, in giving their support, understand that they will be further taxed under this legislation? You appear to be answering all the questions for the government now.

Senator Kinsella: Again, honourable senators, this matter was canvassed in the committee. We were given a full explanation as to the consultation process that is going on between federal and provincial authorities.

Senator Bonnell: I understand the provinces agreed with the legislation, as I do. I think it is great legislation. I just want to know who is paying the bill. Will such expenditures be extra taxes on the provinces or municipalities involved, or not?

You are acting for the government now. You are telling me something about participation, when we all know everybody has to participate. That is part of the law of Canada.

Is there a Royal Recommendation to this piece of legislation?

Senator Kinsella: Yes.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have replies to questions asked on February 23 by Senator Stollery regarding advertising and Canada 125, and on February 25 by Senator Frith regarding national unity advertising.

COMMUNICATIONS

GENESIS MEDIA COMPANY—PURCHASE OF SPACE AND TIME FOR FEDERAL GOVERNMENT—REQUEST FOR FURTHER ANSWER

(Response to question raised by Hon. Peter A. Stollery on February 23, 1993)

Canada 125 is a private corporation established to organize events in celebration of Canada's 125th birthday. This no-profit, non-political organization was provided financial assistance from the Government of Canada. This assistance was provided by the Secretary of State upon presentation of a detailed business plan by the group, including thorough cash flow estimates.

A final report detailing the corporation's activities, including all expenditures, will be available at the end of this fiscal year.

COMMUNICATIONS

NATIONAL UNITY ADVERTISING CAMPAIGN—PLACEMENT OF CONTRACTS—EXTENT OF DISCUSSIONS

(Response to question raised by Hon. Royce Frith on February 25, 1993)

There were a series of meetings beginning May-June, 1991, to discuss aspects of the national unity advertising campaign. One of these meetings occurred in the form of a working dinner at the Hull restaurant, Café Henry Burger.

At various times the following individuals, members of a panel which was responsible for the selection process, attended these meetings:

Dan Gagnier, Deputy Secretary to the Cabinet, Communications and Consultations

Charles Guité, Director, Advertising and Public Opinion Research, Department of Supply and Services

Bob Parkins, Director, Communications Planning, PCO

Barbara Uteck, Director of Operations, Communications and Consultations Secretariat, PCO

Ruth Cardinal, Executive Director, Communications, FPRO

ORDERS OF THE DAY

INTELLECTUAL PROPERTY LAW IMPROVEMENT BILL

THIRD READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the third reading of Bill S-17, to amend the Copyright Act, the Industrial Design Act, the Integrated Circuit Topography Act, the Patent Act, the Trade-marks Act and other Acts in consequence thereof.

Motion agreed to and bill read third time and passed.

• (1410)

SMALL BUSINESSES LOANS ACT

BILL TO AMEND—SECOND READING

Hon. James F. Kelleher moved the second reading of Bill C-99, to amend the Small Businesses Loans Act and another Act in consequence thereof.

He said: Honourable senators, for just over 30 years the Small Businesses Loans Act Program, which I will refer to as the SBLA Program, has played a key role in the development of the small business community in Canada.

Today, it is generally recognized that external financing is one of the greatest needs of a small business, after it exhausts the initial resources of its founder and sometimes the founder's family and friends. This so-called "love money", which is the financial foundation of most small businesses, is usually depleted, particularly if the enterprise prospers and grows. It is particularly at this stage, as well as others, that the SBLA Program has proven to be so useful and successful.

Obtaining financing for small business is always a challenging task. To help small business obtain much needed capital, the SBLA Program makes debt financing more readily available for the purpose of establishment, expansion, modernization and improvement. In practical terms, the program provides loans for the acquisition of fixed assets — land, building, machinery and equipment, leasehold improvements, and even computer software.

It is important to note that the SBLA Program is a program for small business. This means that the assistance provided by the program is being directed to the "small" end of the business spectrum in size but, I might add, the "big" end of the spectrum in terms of contribution to Canada's economic well-being and growth.

As honourable senators are no doubt aware, small business plays a pivotal role in the Canadian economy and is a major engine of growth, wealth and employment creation in this country. For example, almost 99 per cent of the approximately 900,000 Canadian businesses are small; that is, with less than 100 employees. Some 36 per cent of total business employment is represented by the small business community. In the last decade, small business has created about 80 per cent of the net new jobs in the country.

Small businesses also play a significant role in the creation and use of innovation, which is so vital in the increasingly competitive world in which we live. For example, more than half of Canadian companies carrying out research and development have fewer than 50 employees. These facts and figures state simply and powerfully the key role of Canada's entrepreneurs and of the small business community — one which innovates and creates jobs.

The scope of the SBLA Program is impressive. Since its inception, some $8.5 billion in more than 290,000 loans has been disbursed under the program. The current portfolio of loans amounts to about $1.1 billion. In the last five years, 71,000 loans for $2.7 billion have been made under the program, with an average loan size of $38,000. Some 40 per cent of all loans goes to start-up businesses, while another 20 per cent goes to businesses less than three years old. All this activity is carried out at a relatively modest cost, averaging $29 million annually over the last five years.

The program operates by providing banks and many smaller financial institutions such as trust companies, caisses populaires and credit unions with a guarantee against loan losses for eligible loans. Private sector lenders are the sole delivery agents of the program.

We set the rules and lenders make credit decisions within those rules. We do not have a large array of officials involved in the program. Only 22 government staff do all of the administrative support work. Frankly, I was amazed at that statistic and said to myself that it is too bad other departments of government cannot operate as efficiently.

The loan guarantee enables lenders to make loans which they would not otherwise undertake without a guarantee. For example, viable companies with a limited track record, or with inadequate or inappropriate collateral, in particular risky types of businesses and those outside the major metropolitan centres, are generally clients of the program.

In spite of an enviable record over the years, SBLA Program activity has been declining since 1989, in part due to the general economic conditions, but also due to the diminishing interest in the program by lenders. It should be noted that there have not been any significant changes to the program since 1985.

The bill before the Senate, together with related changes to regulations, will make the program accessible to more businesses and will ease access to financing for all small businesses. The program changes will respond to the recent report of the Steering Group on Prosperity, entitled, *Inventing Our Future*, which called for easing access to capital for all sectors of the Canadian economy. The result of the changes incorporated in the proposed bill will be a more competitive Canadian small business sector.

As part of the program review leading up to this bill, extensive consultations were held with borrowers, lenders and their national associations. Their valuable input helped to shape the changes being recommended. Our colleagues in the other place have also contributed to the process by making certain amendments to Bill C-99 at the report stage, amendments which deal mainly with working capital and pricing structure.

The bill before us and the related regulations will improve the program as follows: First, to broaden the program's reach, all businesses will be eligible for the program except those in the business of renting real estate, charitable and religious institutions, and farming, which is covered under the Farm Improvement and Marketing Cooperative Loans Act. Under the previous legislation, eligibility was restricted to specified sectors of the economy. The size of eligible businesses will be increased from annual revenues of $2 million to $5 million, and the maximum loan size will be increased from $100,000 to $250,000.

In order to meet the commitment in the government's December 2 economic and fiscal statement to review ways of extending the program to provide working capital, there are three new elements of the program area. The first is limited retroactivity by financing eligible expenditures made or committed up to 180 days before the loan is approved.

Second, 100 per cent of the cost of fixed assets will be eligible for financing, at the discretion of the lender, until the end of 1995. Thereafter, the percentage to be financed will be 90 per cent.

Third, personal guarantees of borrowers will be limited to 25 per cent of the original loan amount, with such guarantees to be unsecured.

Four, the pricing structure will be moved to one approximating normal commercial rates, thereby eliminating the present pricing subsidy which is not available to non-SBLA borrowers.

Five, accessibility for small business will be improved by encouraging lenders to promote and use the program. This will be achieved through an increase in the interest rate from prime plus 1 per cent to prime plus 1.75 per cent, and by changing the loss ratio from 85/15 to 90/10 until the end of 1995, after which it will revert to 85/15. Also, to add flexibility for borrowers, fixed interest rates will now be permitted.

Six, to make the program more cost recoverable, the one-time up-front government fee will be increased from 1 per cent to 2 per cent, with the fee, unlike in the past, being amortizable over the term of the loan.

Finally, administrative irritants in program operation will be removed and definitions clarified to make the program more user-friendly.

• (1420)

These improvements to the SBLA Program are a key part of a total package of initiatives which the government has put together for small business in recent months. Many of the measures in the economic and fiscal statement of December 2 were devoted to assisting this vital sector of the economy. Among those measures were the investment tax credit on machinery and equipment, the unemployment insurance premium freeze and holiday, the extension of the small business financing program, and the simplification of the R&D tax rules.

In closing, honourable senators, I will re-emphasize my opening remarks. Since 1961, the SBLA program has been helping small businesses meet their financing needs. The program has helped small businesses get a start and then enabled them to develop further. This bill will make the program an even more valuable tool in promoting the competitiveness of small business in Canada.

I hope the Senate will give speedy passage to Bill C-99, and thereby show its support for small business.

Hon. Peter Bosa: Honourable senators, I should like to congratulate Senator Kelleher for giving us the background information on this bill and for making the observations which he has made. I, too, would like to draw attention to some aspects of the bill. While we on this side are generally in agreement with the bill, there are some points which ought to be raised.

The Small Businesses Loans Act was first enacted in 1961 and has been amended several times, most recently in 1990, when the *status quo* was extended to 31 March, 1993. When passed, this act will be effective for five years from April 1, 1993, to March 31, 1998.

Bill C-99 will allow more small businesses to be eligible by increasing the size of businesses from $2 million to $5 million in annual gross revenues. This will help many additional smaller businesses to have easier access to financing and larger firms investing in technology to improve their competitiveness. It will also encourage more start-ups.

The amendment at committee stage in the other place to enlarge the definition of business enterprise now extends the Small Businesses Loans Act to the "business of professions"; that is, doctors, dentists, architects, et cetera, as well as financial insurance and real estate businesses which are carried on in Canada for gain or profit. There has been widespread support for Bill C-99 from parliamentarians of all parties. All have expressed a desire for quick passage of the bill as it could assist in the financing of small businesses at a time when economic recovery is so essential.

However, there have been some concerns about this legislation which should be noted. The first is the delay by the government and the bureaucracy in introducing this bill. The Minister of Finance first announced some of the proposed changes in his February 1992 budget. Bill C-76, which was to raise the loan ceiling to $200,000, received first reading on May 1, 1992, but on February 4, 1993, the government withdrew this amendment in favour of the new amendments in Bill C-99. The Minister of Finance raised the loan ceiling to $250,000 in his December 1992 economic and fiscal statement. Only two days later, Bill C-99 received first reading, incorporating the above change. A year has passed and the legislation has not yet received Royal Assent. I do not wish to distract the honourable senator, but I think that these are points which merit an answer from him.

The loan ceiling in the Small Businesses Loans Act was set at $100,000 in 1980 and was not increased over the past 12 years despite the rate of inflation which has prevailed during this period of time. In recent years, this limit has been too low to meet certain small business needs, particularly those relating to the financing of the buildings that businesses require to carry out their operations. Thus the Small Businesses Loans Act Program has not attracted many small businesses. In fact, since its inception in 1961, the program has made only 290,000 loans worth over $8.5 billion, which is the figure the honourable gentleman mentioned in his presentation.

Why did the government wait 13 years to effect the changes in this program? It can be seen that lenders have not been attracted to this program over its history. This is due to the fact that the government, over the life of the program, would only guarantee up to 85 per cent of the losses incurred by the lenders. Where small businesses were involved in high risk, Canadian chartered banks were not prepared to lend to the Small Businesses Loans Act Program when they could get a higher return through higher interest rates in their conventional loans program.

There is concern that, although Bill C-99 might encourage the Canadian chartered banks and credit unions to promote the SBLA Program, under the new terms and conditions laid out in the bill, the small businesses may not be ready to step up their indebtedness with the financial institutions at a time when economic recovery is still somewhat tenuous.

There is much still to be done in Canadian business, and much excess capacity to be used up before some small businesses can commit themselves to a new program of growth and expansion. Markets both at home and overseas are still "soft" and have not fully recovered from the recession of the previous quarters. It does not follow that aggressive promotion by Canadian financial institutions will initiate immediate action by small businesses to start a new venture involving risk capital unless the economic climate is suitable.

Past experience tells us that neither the Canadian chartered banks nor the trust companies have demonstrated enough interest in the SBLA Program at the branch level. To date, the trust companies have shown no interest at all in the bill. Without the lenders' full support, the success of the program will be compromised. This is the view of the minister responsible for the Small Businesses Loans Act program.

In order to encourage the financial institutions to promote the program, the fee will have to be increased from prime plus 1 per cent to prime plus 1.5 per cent. In order to add flexibility for borrowers, fixed interest rates will now be permitted. This is good for debt scheduling. I believe that the 1.5 per cent charge over prime is an expensive proposition, and when you add to that the service charge of 2 per cent, as Senator Kelleher has mentioned, that may prohibit some small businesses from taking part in this program.

A major complaint has been the voluminous paper work associated with the Small Businesses Loans Act Program. While the financial institutions have assured the government that this will be kept to a minimum in the future, I wonder if the honourable gentleman has had assurances from the government that this program will be monitored and that the government will report back to Parliament from time to time to see how the program is working under the new conditions.

As I stated at the beginning, we are on side. We support these changes, although we make the reservations just stated. I thank honourable senators for their attention.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: When shall this bill be read the third time?

On motion of Senator Kelleher, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

• (1430)

PRIVATE BILL

DAI AL-MUTLAQ—BILL TO INCORPORATE—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Atkins, seconded by the Honourable Senator Doyle, for the second reading of Bill S-13, An Act to incorporate the Dai al-Mutlaq as a corporation sole in Canada — (*Honourable Senator Cools*)

An Hon. Senator: Stand.

Senator Atkins: No.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Do I understand Senator Atkins to have very eloquently and in great detail stated that he is opposed to the standing of this motion? I am looking for my colleague, Senator Cools, who had asked that the matter be stood. Perhaps Senator Corbin knows something of her whereabouts.

Hon. Eymard G. Corbin: I rise on a point of order, honourable senators. I cannot hear a word of what is going on because of some extraneous noise. I missed the whole proceeding, or maybe I did not miss anything. I do not know.

Hon. Lowell Murray (Leader of the Government): You definitely missed something, honourable senator. The Bill S-13 was called. The adjournment was standing in the name of Senator Cools. She is not here, and we thought we heard someone say "stand", in other words to seek to adjourn the debate again, whereupon the sponsor of the bill said that he would want to proceed now and, if a vote were held, he would vote against an adjournment motion.

Senator Corbin: On that point of order, I do not pretend to be empowered to speak for Senator Cools, but she was here — ah, she is here.

Hon. Anne C. Cools: Honourable senators, yesterday I was asked when I would be prepared to speak on the issue. I can say today that I would be ready to speak next Tuesday.

Senator Macdonald: We won't be here.

Senator Cools: Well then, at the next sitting after tomorrow. I am sorry, I do not wish to speak tomorrow. The truth of the matter, honourable senators, is that I had only a slight interest in this matter, but my curiosity and interest is stimulated by the interest expressed by Senator Murray. As his interest is demonstrated, so mine is growing.

Senator Murray: Honourable senators, I suppose we can come back next week to hear the honourable senator, but I am not sure that there is widespread desire to do so. May I suggest to the honourable senator that the ideal place to pursue her slight interest in the bill is at committee, and as well there will be a report from the committee. Those are the opportunities for us. I do not want to place on the record, as the Deputy Leader of the Government did yesterday, the rather dismal chronology of this bill which has been hanging around here for a good long time now. Our desire is to move it to committee this week. We made that clear to my honourable friend yesterday, and I hoped that she might be ready to speak on the bill either today or tomorrow.

Senator Cools: The honourable senator made that clear yesterday, and has made it even more clear today. Basically, the honourable senator is telling me to speak when he wants me to or to explore it in committee. For me, that is unacceptable. I have said what I am prepared to do.

Senator Molgat: Honourable senators, do I take it then that is the — I guess I have to say "government position", because it was enunciated yesterday by the Deputy Leader of the Government. It was not my honourable friend Senator Atkins who brought the matter up yesterday, it was the Deputy Leader of the Government. I can only assume that it is the government position that they are not prepared to accept an adjournment of the debate.

This is a very unusual step in the Senate. The last time this came up, as my honourable friends opposite will recall, it was a most unfortunate circumstance and the government then changed its mind, fortunately. It is regrettable that this sort of pressure is put on members, and that adjournments are not allowed.

We have had a similar kind of bill before. My honourable friends will remember the lengthy debate on Opus Dei. That bill received first reading on April 2 and carried on until October 27. At that time my honourable friends did not push the matter, even though the bill was sponsored by one of their own colleagues, the Honourable Senator Bélisle. The debate was allowed to continue. There was no attempt to limit the debate at that time. In fact, it turned out to be a most interesting and enlightening debate. My honourable friend the Speaker will recall that he had great difficulty containing himself during the speeches that were given at that time.

I frankly do not know the wrongs and rights of this affair. I have not looked into it. I have no idea, although I have received a lot of literature. However, I must say that the speech made by the Honourable Senator Corbin yesterday raised a lot of questions. I think it is reasonable for Senator Cools to do some research on some of the statements of Senator Corbin. That is, frankly, all that she is expected to do, and all she wants to do.

I also made the point yesterday that Senator Hébert was one of the key participants in the Opus Dei debate and has some very specific views on this question of corporations sole. He has asked to be included in this debate.

This is not a party position, but to my knowledge there is no attempt to delay this bill unduly. I am sure that we can resolve it by the end of this month. Senator Hébert will be back next week. To my knowledge, it could be resolved at that point.

• (1440)

In conclusion, I think it is an error to refuse an adjournment. It is not a common practice in this legislature, and certainly not one we should follow. I appeal to my honourable friends not to push it.

Hon. John Lynch-Staunton: Honourable senators, I want to make it clear that when I intervened yesterday, it was not as a spokesman for the government. One does not like to quote oneself, but at page 2861 of yesterday's *Debates of the Senate*, I said:

> Although it is not a government bill, there are a number of us who are interested in it no matter what side we are on.

I was not stating a position for the government. I was stating a personal interest and wondering why, after five months, the bill was still here and why it had been adjourned for such a long period of time without any intervention.

We are now told that Senator Cools would like to speak on the bill when we are not here next week, which may be an advantage. We are told that Senator Hébert would like to speak when he returns and, no doubt, we will then find another excuse to delay this matter.

Honourable senators, as an individual, I feel all the questions have been raised. They are controversial. There are pros and cons. Definite sides are being taken on this issue. Accusations are being put on the record.

The committee can hear witnesses and give us the answers we are searching for. It is not during debate at second reading that we will get those answers. All we will get are insinuations, accusations and suppositions. The committee can give us answers. The sooner this bill goes to committee, the better.

Hon. Richard J. Stanbury: Honourable senators, I do not intend to speak, other than to raise two concerns. One is that Senator Corbin raised a great many questions yesterday.

Senator Lynch-Staunton: They were excellent questions.

Senator Stanbury: I have not seen any indication that the sponsor of the bill, or anyone else, is ready to respond to those issues and answer or discuss them.

Senator Lynch-Staunton: He does not have to.

Senator Stanbury: The other point is that we are dealing with the principle of the bill. The principle of the bill is the substance of the bill in this case: Whether or not we are prepared to create a corporation sole in circumstances where the applicant for the Canadian corporation sole is not even resident in Canada. That is the principle of the bill. If we pass that, we might as well pass the whole bill; let us have the third reading as well.

Honourable senators, let us not misunderstand this matter. First of all, we have had no answers to the problems raised. Second, if we pass this bill on second reading, then we have adopted the principle of the bill. I do not see how we can deny the third reading and passage of the bill after we have adopted the principle of this bill.

Senator Lynch-Staunton: Then why have the third reading and send it to committee?

Hon. Norman K. Atkins: Honourable senators, there is another principle that members in this place should consider. There have been a lot of accusations and innuendoes addressed to the group for whom I sponsored this bill. The only way that will be resolved is if they have the opportunity to appear before the committee as witnesses.

I am prepared to address the points that Senator Corbin made yesterday, but again, the best opportunity to do that is in committee. I cannot understand why the Senate will not allow this bill to go to committee. If Senator Cools intends to stand on the bill today, I will still say no.

Senator Cools: Honourable senators, am I to understand that Senator Atkins is planning, in committee, to bring the petitioner from India? People are making allegations of terrible carnage and massive abuse that is occuring there.

Senator Atkins: Absolutely, and most of it is misinformation.

Senator Cools: I have been very careful not to make those accusations, Senator Atkins. Deal with me. Do not deal with your imagination.

Senator Atkins: The answer to that would be if the bill goes to committee, it is up to the chair and the committee to decide who the witnesses will be.

Senator Cools: When the bill goes to committee, is the chairman of the committee planning to call the petitioner as a witness? This is a most curious thing. We must go to the committee to examine the bill.

Hon. Douglas D. Everett: Honourable senators, we are dealing here with a question of principle in respect to the operation of the Senate itself.

Senator Stanbury raises a very interesting point; that second reading is fashioned to deal with the principle of the bill. Once the principle has been accepted by the Senate, then it can be referred to a committee for refinement, but that does not change the fact that the principle has been dealt with by the Senate.

In the course of debate, it was mentioned that there is a precedent, due to an action by Senator Stewart, that you can refer a bill to committee and still vote on the bill when it comes back on third reading because you have not agreed to the principle of the bill on second reading. If that is a precedent, which I doubt very much, it is a very bad precedent. What we should be dealing with in this matter is whether or not we accept this bill.

In his speech, Senator Corbin raised real concerns about the bill. He wonders why it is necessary for the Senate to create a corporation sole, which is unusual in today's circumstances. It has been done in the past, but for other reasons. That is a matter that should be debated in this chamber. Senator Atkins should bring evidence before the chamber and points on debate that counter what Senator Corbin has said, if he can do that.

Senator Cools: Absolutely.

Senator Everett: We would be making a tragic mistake to say we accept the principle of the bill before we have dealt with the very heart of the bill and some of the problems raised. Certainly, the problem raised by Senator Corbin goes to the very heart of whether or not that bill should be passed.

I suggest to you that we continue the debate in this chamber, and that Senator Atkins and those who support the bill put their case on the record. After a full and complete debate, then we go to a vote on second reading on the principle of the bill and refer it to committee for further study.

Hon. Philippe Deane Gigantès: Honourable senators, I wish to commend Senator Everett, Senator Stanbury and Senator Corbin. The point is that we cannot slough over the principle stage.

When I first spoke on this bill, I opposed it on the general principle of giving corporation sole status to the sort of people who have had it in the past. Senator Corbin brought out another point, which is that if we give agreement in principle to this bill, we are agreeing to a new principle, which is that someone who lives overseas and does not intend to reside in Canada will be the first person to receive a corporation sole status given to a non-resident. Senator Atkins has not spoken to this issue. No one on the other side has spoken to this issue. The government side wants to skip the issue of principle, but it is a major issue. You say, "Never mind the principle; let us go right to committee."

What have you said to defend the imposition of the new principle that someone living abroad, who is not a Canadian resident, will be given the status of a corporation sole? You have not answered that, Senator Atkins. You have not even tried. You want to go to committee where your friends will have a majority. That is not the point of this exercise.

Senator Atkins: Honourable senators, if you read my introduction to the bill on September 17, a number of those issues were addressed.

Senator Gigantès, you speak about principle. I have listened to you speak many times in this chamber, and you have, on occasion, not stuck to the principle of a bill. You have gone far beyond the principle of the bill. Perhaps the next principle to be addressed is that people who have had accusations levelled against them should have a right to defend themselves and to speak as witnesses before a committee. That is why I am hanging in on the question of referring this matter to committee.

Senator Gigantès: There are two stages here. The first is this: Do we accept the principle of your bill, which will give corporation sole status to someone who is not a Canadian resident? That is a precedent. After we accept this principle, we can then bring up your other point; namely, that they should come before the Senate committee and face their accusers. The accusers will come here in large numbers and from India, and you will not like what they will say.

• (1450)

Senator Everett: That is fine.

Senator Gigantès: But establish first the principle that is the basis of the way in which the Senate operates, namely that the Senate has approved the principle and because you asked for it, we should give a non-resident the status of corporation sole with powers to administer the personal fortunes of Canadian residents and Canadian citizens.

This is important. Someone who lives in Bombay and is beyond the purview of Canadian law will have authority over the money of Canadians.

POINT OF ORDER

Hon. Lowell Murray (Leader of the Government): Honourable senators, on a point of order, all this is extremely interesting, but a motion to adjourn the debate is deemed to have been moved by Senator Cools. That motion is not debatable, and in the ordinary course, the Speaker would simply put the motion forward and we would have a debate. Senator Kelly has a suggestion to make that may help us out of this difficulty.

Hon. William M. Kelly: Honourable senators, there is precedent for a bill of this sort to be referred to a committee before second reading, the committee being mandated to examine the subject matter of the bill.

There is not a great number of people on either side of this issue right at this moment. Frankly, we do not know enough about it. We can debate this endlessly, with each person with little or no background on the matter standing up and debating here in this house. However, in this instance this bill should be moved to a committee before second reading. That takes care of the concerns that Senator Everett and Senator Stanbury expressed. It would also give those of us who would like to know more about this subject an opportunity to be more informed about it. I would ask the chamber to consider that as a possible solution.

Hon. Eymard G. Corbin: Honourable senators, I rise on the point of order. Many senators have been given that opportunity. I find it passing strange, even though they pretend to speak other than on their own behalf. They cannot discount the fact that they wear hats in this house. Senator Murray is the Government Leader in the Senate, Senator Lynch-Staunton is the Deputy Leader of the Government in the Senate, and Senator Kelly, who has just spoken, is the Whip. They are officials of the Senate. Furthermore, they are officials of the government in the Senate.

I have never in my parliamentary life — and I beg to be supported in this or proven wrong if I am, for example, by former members of the House of Commons — seen the government interfere with private legislation in the way in which we are being pressured now. I find this whole process indecent in terms of the way Parliament has conducted business in the past. This is private legislation.

There is the complaint that the legislation has been on the table for some time. I have seen government business on the table for much longer periods. I have seen instances where the opposition rang bells for two weeks to prevent legislation from moving, closing down the whole shop. Now we are being asked, on behalf of someone who is not even a resident of Canada, to speed up the process? I cannot buy that because the whole principle of the bill is wrong. We have to deal with the principle of the bill before it goes anywhere else.

It is wrong for us to proceed with this legislation. Nevertheless, I have said privately to certain members on the other side, "Let it go to committee." But if other senators wish to speak — and I am not coaching anyone on this side or any side — let them be heard at this stage of the bill. It is their right to be heard. The government should not intervene in these private bills in the way it has been doing. There are other ways.

Senator Kelly: Honourable senators, I would ask again for whatever views my colleagues have on the suggestion I just made.

I should also like to respond to Senator Corbin. It is easy to see all these plans on everyone's desk, but I will declare my interests. I would like to see this thing moved along. I do not know whether or not I agree, but my interest is simple: Senator Atkins is a friend of mine. He has introduced a private bill that I do not understand. At this point I think it is probably quite silly, but it may not be. The fact is that it is sitting around. Why do we not get it moving? Who loses anything by moving it now to committee to examine the subject matter? We can then come back and do all these other things once we know more about it. That is all there is to it. There is no plot, believe me.

Senator Corbin: I cannot sit here and take the suggestion that we have a devious plan. That is hitting below the belt, sir. There is no devious plan. However, there is an attempt to understand what is being done by way of this bill. That is not devious; that is being honest.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I think perhaps Senator Kelly has a proposal that could solve the problem we face. I am sure it is not simply a partisan question. All of us are disturbed by agreeing to something where, frankly, we have doubts about the principle.

The solution would be to move an amendment to the present motion stating simply that the bill not now be read a second time, but be referred to a special committee of the Senate.

Senator Kelly: The Legal and Constitutional Affairs committee.

Senator Molgat: Yes, the Standing Senate Committee on Legal and Constitutional Affairs. If we can agree to that, then we are not involved in a discussion on principle. It would then have to return here before any decision on principle would be made. It would suit the purposes of all honourable senators. Is that agreed?

Some Hon. Senators: Agreed.

Hon. Douglas D. Everett: Honourable senators, I could agree with that as a form of pre-study because it would not prejudice the issue of second reading. I rise because I want to disassociate myself from Senator Gigantès' remark.

I was not opposed to the bill because the person who wishes to be created the corporation sole lives in Bombay and does not live in Canada. My concern about the bill is that Senator Corbin had raised an issue as to why it was necessary, in this day and age, to create a corporation sole. He raised a good issue.

My feeling is that we should adhere to the form. There should be a debate on second reading and the decision should be one of principle. If it will assist that debate by having the subject matter referred to committee for examination, I am not opposed to that. I am opposed, however, to any suggestion that second reading can be dismissed because we are to deal with the matter in committee and go on to third reading.

• (1500)

Hon. Philippe Deane Gigantès: Honourable senators, because of recent experience —

Senator Doody: Is this a point of order?

Senator Gigantès: It is a point of order, if you like. On a recent occasion there was an agreement between our side and the other side with regard to a minority report. We feel that this agreement has been broken. We feel that our minority report was compressed by those opposite without our approval. Therefore, I would like an undertaking that we will have equal space for a minority report by this committee that will examine the full principle —

Hon. John Lynch-Staunton (Deputy Leader of the Government): No.

Senator Gigantès: There you are. Senator Lynch-Staunton is already saying no, the other side must not have the right to make a minority report of equal size to the majority report of his friends. That is typical of you, sir.

Senator Lynch-Staunton: Honourable senators, I do not mind Senator Gigantès insulting me, but I do mind it when he says things that are inaccurate. There was no agreement about a minority report that was broken by this side. I challenge the senator to get those who were there from his side, including Senator Kirby, to deny that statement.

Senator Gigantès: Senator Frith accused you of that in this chamber.

Senator Doody: Is that a point of order?

Senator Lynch-Staunton: You accused us, too, and that was false, and you retracted, too.

Senator Kelly: Honourable senators, I would like to move:

> That Bill S-13 be not now read a second time, but that the subject matter thereof be referred to the Standing Committee on Legal and Constitutional Affairs.

Senator Corbin: Honourable senators, that is a debatable motion, of course. However, I am not sure that I want to support it, although it has a lot of merit. I think that a number of senators have yet to understand that we are not dealing with the run-of-the-mill petition for incorporation sole under the guise of religion, if you wish. The important point to remember — and I touched on it briefly yesterday — is that if no one in this country, or anywhere else on this globe for that matter, had raised objections with regard to the petition and now to the bill, it would have been an easier matter to deal with.

However, I would still question the very need for the establishment of corporations sole in this country in this day and age when other opportunities exist which meet fundamental democratic considerations. In other words, under the Canada Corporations Business Act, a minimum of three people can request incorporation. Under the Canada Corporations Act, not the Business Corporations Act, people who wish to associate for religious, sports or self-interest purposes, you name them, can also apply for incorporation as long as they have a minimum of three signatures on the request.

We are dealing here with an entirely different process. We are dealing with a request that comes to us from a person who is the head of an Islamic sect, and who considers himself all powerful. He feels that he has to answer to no-one for his actions and his deeds, and that he can throw out of his community anyone he wishes at any time. He has been the object of great controversy in India. These are not fictitious allegations dreamed up by someone who, for some reason, would be opposed to the Dai al-Mutlaq. These are papers, public pieces of information which came out of magazines and newspapers. They are signed and dated. They carry a continuing story of molestation, of persecution on the part of the person who seeks to be incorporated in Canada by way of corporation sole. There is no provision in that type of incorporation for the rank and file of the Dawoodi Bohras community to protect these people from his dictatorial gestures.

Let me give an example of what it is that has been going on overseas. I have from a paper or magazine called *Caravan*, dated September, 1979 — and the same thing continues today in India — a story entitled, "The Plight of Dawoodi Bohras" by Mohan Deep. It reads in part:

> Long subjugated by the Syedna — That is the Dai al-Mutlaq called by another name.
>
> — the Bohras are finally beginning to rebel. Their tiny reformist movement, however, has come under ferocious attack by the religious despot who is unwilling to relinquish his hold.

The article runs for many pages and it is documented with evidence of all sorts — affidavits, testimony, public inquiries about who this person is and what he is all about. That is what and who we are being asked to incorporate.

This type of incorporation seeks a privilege not granted to anyone else under the general laws of Canada. It is a law of exception. Surely for that simple reason, because it is a law of exception, we should be extremely careful in our examination of requests of this type.

Though I am a Roman Catholic, I did not hesitate to question the incorporation request that came to us from the Vicar of Opus Dei in Canada, because I think that type of structure offends fundamental and basic democratic rights of individuals. We are here to protect the rights of individuals. We are not here to speak for big money, big companies and what have you.

There has been opposition. It is continuing in India. India has been trying to get itself out of sectarian messes for decades. Since it received its release from British domination, India has been trying to establish order in its country, to do away with clashes between various sects. Honourable senators know what has been going on in India in recent months. Democracy is not an easy thing to bring about. We are being asked to implant or recognize officially in Canada the type of institution which is creating all sorts of problems over there, and to give it our sanction. I am just not prepared to do that.

• (1510)

Many of us have not only heard of, but have received from, individuals written documents requesting that, if and when the bill goes to committee, they wish to be heard because they oppose the request for incorporation. They have been victimized by this individual we want to incorporate. I am not inventing stories here.

Girls, young women, have been told they could not marry because the boss said they could not marry. They have been told to postpone their weddings for two and three years. That is the kind of thing that has been going on. These are not fairy tales.

Do we want to bring that type of government within our democratic structures here in Canada? I think we should think twice about it.

I have received documents which were not signed. I have not used them, and I cannot even quote from them, but they are blood-curdling documents nevertheless. If and when we do get to committee, I intend to ask questions with respect to those allegations. I doubt very much that they are fairy tales.

If we allow second reading stage to be put on hold — yes, sir?

Hon. Consiglio Di Nino: I do not want to stop you necessarily, but you are debating the bill, not the motion. I have some sympathy with what you are suggesting, sir, but I think that this is a debate that should take place at the appropriate time. It seems to me you are debating the substance of the bill again.

Senator Corbin: I suggest you consult with Senator Forrestall, who is an experienced member in these matters. He has indulged many times before in what I am doing.

Senator Di Nino: Honourable senator, I really believe you are debating the substance of the bill. You are debating the principle of the bill, which we decided we would set aside on the basis of this motion.

It is the motion that we are debating: Whether we should set aside debate of the principle of the bill at this time, study the bill, and then come back at the appropriate time for second reading.

Senator Corbin: I know, honourable colleague, that you mean well. Nevertheless, I intend to continue with what I was saying.

I was about to say that there is heavy opposition to this bill. There is opposition in Canada. It is not a large community, but it is extremely divided over this. A lot of people are hurt. Their feelings are hurt. Their lives are being disturbed; their collective, individual and family lives. You would not believe the sort of thing that is going on.

We have had requests to hear witnesses from England. We have had requests to hear witnesses from India. I think we have to hear those people. If we are prepared to let this thing continue and send the subject matter to committee on the behalf or request of someone who does not even reside in Canada, then I think we must also hear his opponents who do not reside in Canada so that we can get to the bottom of this whole thing. Unless we get that guarantee, we will not play ball, because we do not want to be subjected to a tidal wave here or the pressure cooker or the big bulldozer effort. We want to get to the bottom of this.

I do not like to distinguish between male and female in the Senate, but I think that our honourable colleagues, the women in the Senate, should have a particular concern in what has been going on in the way that women are being treated by this despot.

If the Senate wishes to approve the bill blindly, I say to you, take the risk, but be prepared to live with the consequences. I am not, and I will go along with the full parliamentary process. I will live by the decision, but I take my distance here and now from the consequences of this bill if you dare to pass it. I will have nothing to do with it.

I once again find it strange that the government, the officials of the government in the Senate, would involve themselves in a matter which is strictly between private members of this house. I know there are people over there who feel very uncomfortable with this legislation. I invite them to come to the committee so we can hear the person, not his lawyers, but the person seeking incorporation, as well as his opponents, so that you are given the opportunity to see the whole picture and not the glossy front of it.

The Hon. the Speaker: Honourable senators, we have a motion on the floor.

Senator Molgat: Honourable senators, before the matter comes to vote, I just want to make my position very clear. My acceptance of this proposition is a personal one because this is a private member's bill, but I would not want my standing position on pre-study to be affected by this acceptance on my part.

Senator Gigantès: Excuse me. I will put a very reasonable proposition to the Honourable Deputy Leader of the Government in the Senate: Would he guarantee to us that he will allow us a 1,000 word, not one more, minority report from this "pre-study"? No more? It is very short.

Senator Lynch-Staunton: Honourable senators, I have no say about how the report of the Legal and Constitutional Affairs committee will be tailored. All I object to is the fact that Senator Gigantès is asking for a guarantee based on his absolute misinterpretation — I am using the word conservatively — of an agreement which may or may not have been made regarding a minority report on Bill C-91. There was no agreement broken regarding the committee report on Bill C-91.

Some Hon. Senators: Question! Question!

Hon. Anne C. Cools: I should like to ensure that we are clear on the motion before us. It is my understanding that the motion before us is that we are referring this matter to committee, not for pre-study but for an examination on the question of the principle of the bill. My understanding is that this study is in no way to prejudice second reading, and should in no way prejudice the formal committee study on the substance of the bill. That is my understanding. Perhaps someone should clarify that before we vote on something about which we might be mistaken. Perhaps we can have it read.

The Hon. the Speaker: There is a motion in amendment that Bill S-13 be not now read the second time, but that the subject matter be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 2:00 p.m.

THE SENATE

Thursday, March 4, 1992

The Senate met at 2:00 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, time marches on, and I wish to remind Senator Murray that for 110 days now, according to his own words, the government has been guilty of political cowardice and contempt of the democratic process. Nothing has changed.

[*English*]

INTEGRITY

ROLE IN DEMOCRATIC GOVERNMENT

Hon. Philippe Deane Gigantès: Honourable senators, after we adjourned yesterday, some honourable senators opposite asked me questions, mainly pertaining to why I am so partisan, and why I think I know everything. Let me deal with the second question first.

My knowledge of heart surgery is infinitesimal compared with that of Senator Keon. Compared with Senator MacEachen, my intelligence is inferior. It is probably inferior to the intelligence of some other honourable senators. However, when it comes to ancient Greek history, I know more than Senator Lynch-Staunton, who so graciously taps into my knowledge. On many other subjects, there are senators on both sides who know more than I do.

However, I know some other things better than senators opposite. I know that if you solemnly sign an agreement on how a debate will evolve and you break that agreement, you are a man I cannot trust. I give you my word of honour that if I had been the Speaker and my party had asked me to forget the basic duty of a Speaker, that of an impartial referee, I would have refused. I would probably have resigned from a party which asked me to do something politically unethical. That is why I do not trust Senator Charbonneau and, by extension, I cannot trust the party which asked him to do what he did. What Senator Charbonneau and what Senator Murray did is the responsibility of all Tories.

I do not trust Tory economic thinking. It is too conditioned by the businessman's experience. A businessman has a problem that has an ideal solution. That solution is to sell for more than he buys. He squeezes his suppliers, his employees and his clients to sell for more than he buys. His is a simple problem that has an ideal solution.

A democracy is not like that. A democratic government is forced to reach not ideal solutions, but the compromise solution that the least number of people reject. Tories and socialists are ideologues and, deep in their gut, they mistrust compromise. They seek their own versions of perfection and, in politics, perfection is tyranny.

ROUTINE PROCEEDINGS

[*Translation*]

PRIVILEGES, STANDING RULES AND ORDERS

THIRD REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX TO THE MINUTES OF THE PROCEEDINGS OF THE SENATE

Hon. Normand L. Grimard: Honourable senators, I have the honour to present the Third Report of the Standing Senate Committee on Privileges, Standing Rules and Orders.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

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

On motion of Senator Grimard, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

FOURTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX TO THE MINUTES OF THE PROCEEDINGS OF THE SENATE

Hon. Normand L. Grimard: Honourable senators, I have the honour to present the Fourth Report of the Standing Senate Committee on Privileges, Standing Rules and Orders.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

Hon. Senators: Agreed.

(For text of report, see today's Minutes of the Proceedings of the Senate.)

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

On motion of Senator Grimard, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

SMALL BUSINESSES LOANS ACT

BILL TO AMEND — REPORT OF COMMITTEE

Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Thursday, March 4, 1993

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

TWENTY-FOURTH REPORT

Your Committee, to which was referred the Bill C-99, An Act to amend the Small Businesses Loans Act and another Act in consequence thereof, has, in obedience to the Order of Reference of Wednesday, March 3, 1993, examined the said bill and now reports the same without amendment.

Respectfully submitted,

Jean-Marie Poitras
Chairman

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

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

CRIMINAL CODE

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Gérald Beaudoin, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, March 4, 1993

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

TWENTY-SIXTH REPORT

Your Committee, to which was referred Bill C-69, An Act to amend the Criminal Code (air and maritime safety), has, in obedience to the Order of Reference of Monday, March 1, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

Gérald-A. Beaudoin
Chairman

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

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

DIVORCE ACT
FAMILY ORDERS AND AGREEMENTS ENFORCEMENT ASSISTANCE ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Gérald Beaudoin, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, March 4, 1993

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

TWENTY-SEVENTH REPORT

Your Committee, to which was referred Bill C-79, An Act to amend the Divorce Act and the Family Orders and Agreements Enforcement Assistance Act, has, in obedience to the Order of Reference of Monday, March 1, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

Gérald-A. Beaudoin
Chairman

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

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

[*English*]

STATUTE LAW AMENDMENT PROPOSALS

REFERRAL TO LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE

Hon. John Lynch-Staunton (Deputy Leader of the Government) with leave of the Senate and notwithstanding rule 59(1)(*f*), moved:

> That the document entitled: "Proposals to correct certain anomalies, inconsistencies, archaisms and errors in the Statutes of Canada, to deal with other matters of a non-controversial and uncomplicated nature in those Statutes and to repeal certain provisions of those Statutes that have expired or lapsed or otherwise ceased to have effect", tabled in the Senate on 23rd February, 1993, (Sessional Paper No. 343-876), be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

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

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*h*), I move:

> That when the Senate adjourns today, it do stand adjourned until Tuesday, March 23, 1993 at two o'clock in the afternoon.

The Hon. the Speaker: Honourable senators, is leave granted?

Motion agreed to.

[*English*]

QUESTION PERIOD

THE BUDGET, 1992

STATUS OF BOARDS AND AGENCIES AFFECTED BY CUTS — GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government in the Senate. I am sure he has seen this article and, therefore, knows precisely what I am talking about and can give me an answer. I am referring to a *Globe and Mail* article in today's edition entitled "Smoke, mirrors and budget cuts", which states:

> Federal agencies to be killed weren't; other moves show no savings.
>
> Several budget cuts announced one year ago to streamline government agencies haven't happened.
>
> And others that saved millions of dollars on paper amount to smoke and mirrors, current and former government officials said in interviews reviewing the 1992 budget impact on various federal boards and agencies.
>
> The series of more than a dozen interviews revealed:
>
> • Government agencies that were supposed to be wound up weren't.
>
> • Organizations to be merged or combined were left alone or received more money.
>
> • At least one group didn't have money in its budget anyway.

The article continues on, but I will not read all of it.

Can the minister advise us which agencies were supposed to be wound up and were not wound up, which organizations to be merged were left alone or, in fact, received more money, and which one did not have any money in its budget when the government announced its cut?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not in a position to comment, nor do the rules permit me to comment, during the oral Question Period on articles that appear in the media.

Let me just say this about the wind-up or merger of various agencies that was the subject of announcements in the February 1992 Budget. All of the changes that could be accomplished without legislation — that is, the changes to the so-called advisory committees and so on — have been implemented.

Second, Bill C-63 received Royal Assent last month. It covered five agencies: the Canadian Institute for International Peace and Security, the Economic Council of Canada, the Science Council of Canada, the Law Reform Commission, and the International Centre for Ocean Development. The remaining steps necessary to wind up these agencies are now being taken.

Bill C-93, which is still before the House of Commons, covers most of the remaining organizations mentioned in the budget. We expect to have that bill here in a short time, and there will be ample opportunity at that time for honourable senators to debate it and vote on it.

I am aware that exceptions to two agencies have been made since the February 1992 Budget. One is the International Development and Research Centre, or IDRC. During the Rio conference on the environment, the Prime Minister accepted, on behalf of the IDRC, new responsibilities. It was felt that a change in the organization to a departmental corporation would not now be appropriate, and that decision was put on hold.

I am further advised that the intention to privatize the Dosimeter Services Unit in National Health and Welfare will take somewhat more time to effect. I am told this is a very complex matter.

Senator Molgat: I thank the minister for that information, which will be helpful to us when we debate Bill C-93.

Would the Leader of the Government tell me which agency did not have any money in its budget when the government announced its great money-saving plan?

Senator Murray: Honourable senators, I should correct the assumption of the honourable senator that the merger and wind-up of these organizations was meant to effect immediate, considerable cost savings, or that these cost savings would be such as to be significant in terms of the overall expenditures of the government.

The success of the operation cannot be measured in terms of dollars and cents over the short term. There will be savings over the longer term as the size of government is reduced and overhead costs diminish.

More to the point, we should bear in mind that these decisions are part of a broader commitment to a smaller, simpler, more effective government. Reviewing the existence and effectiveness of agencies is an exercise that the government should undertake from time to time, with a view to cutting down or merging agencies that may no longer fulfil their original objective, or whose objectives are being amply met elsewhere in the government or private sector.

Senator Molgat: I thank the minister again for his revision of the statements of the Minister of Finance, when he boldly announced that the government was attacking deficits and would save great amounts of money. It now appears that the purpose of these cuts was not to save money. When we come to debate Bill C-93, we can explore these matters more fully.

COMMUNICATIONS

PURCHASE OF TELESAT CANADA—REQUEST FOR INFORMATION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I wish to ask the Leader of the Government another question about one of the firms that the government decided to sell, namely, Telesat Canada. Apparently, the federal government sold its 53 per cent stake in Telesat Canada for $154.8 million. The group of phone companies that purchased Telesat Canada — Stentor — are now seeking a tax credit of $350 million. In other words, they purchased Telesat Canada for $154.8 million, but are asking for a $350 million tax credit. If a purchaser can gain control of 53 per cent of a company and end up with a $200 million profit, that is certainly a good business deal. Can the leader give us details with respect to those financial transactions?

Hon. Lowell Murray (Leader of the Government): No, I cannot, honourable senators. I have seen the press report that I assume is the basis of the honourable senator's question, but I have not had an opportunity to look into the matter. I shall do so and bring in whatever information my colleagues believe can be presented on that matter at this time.

• (1420)

BANKING, TRADE AND COMMERCE COMMITTEE

REGULATIONS RELATING TO BILL C-99—UNDERTAKING BY MINISTER

Hon. M. Lorne Bonnell: Honourable senators, I should like to ask the Chairman of the Banking, Trade and Commerce Committee if he has, as yet, received the letter from the minister as promised with regard to Bill C-99, guaranteeing that the regulations will be supplied to the members of the committee before the bill is given Royal Assent. I know he has received such a letter but, for the record, perhaps he would read it aloud so that all senators might know about this undertaking.

[*Translation*]

Hon. Jean-Marie Poitras: Honourable senators, in response to Senator Bonnell's request, I received the original of that letter. I arranged for all senators on the committee to have a copy, and they should have it by this time.

First of all, we will have a copy of the regulations before they appear in the *Gazette*, which means after Royal Assent. In any event, the minister believes that he can send us all these regulations before March 23. March 23 is the earliest that we can complete third reading, and Royal Assent will follow. This will give us enough time. If by that time we have not received these regulations, the committee could always meet again and make the requests it deems justified, or summon the minister.

[*English*]

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have a reply to a question asked on February 24 by Senator Perrault regarding the alleged ransom demand by the mayor of Banja Luka, and also a reply to the question asked on March 3 by Senator Molgat regarding an agreement for Métis self-government in Saskatchewan. I should point out for the record that the agreement is in English only. It is being tabled as is, and a French translation will follow shortly.

EXTERNAL AFFAIRS

PEACEKEEPING IN BANJA LUKA, YUGOSLAVIA—DEMAND FOR PAYMENT BY CANADA—GOVERNMENT POSITION

(*Response to question raised by Hon. Raymond J. Perrault on February 24, 1993*)

In November 1992 the UN paid the Mayor of Banja Luka 50,000 dollars to settle an outstanding account arising from a previous occupation of facilities in the town by the UN.

The plan for the deployment of the UN protective force, which pre-dated the outbreak of war in Bosnia, called for the logistics base for the force to be located in Banja Luka.

UN troops did occupy facilities in Banja Luka for a short time for which compensation by the UN was outstanding. The intended deployment of the Canadian battalion to Banja Luka was incidental to the settling of the account and no Canadian funds were used.

INDIAN AND NORTHERN AFFAIRS

AGREEMENT RESPECTING NEGOTIATIONS ON MÉTIS SELF-GOVERNMENT — REQUEST FOR INFORMATION

(*Response to question raised by Hon. Gildas L. Molgat on February 24, 1993*)

In the wake of the Charlottetown Accord, we are pursuing non-constitutional means of achieving self-government for aboriginal peoples with renewed determination. At the invitation of a province, the Federal government will participate in tripartite self-government discussions with off-reserve aboriginal peoples. Tripartite self-government negotiations are underway in six provinces (Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Prince Edward Island).

The Saskatchewan Framework Agreement establishes a commitment to negotiate self-government arrangements with the Métis society of Saskatchewan. It defines negotiating structures, mission and principles for the negotiations and establishes priorities for discussion.

It is a significant step towards self-determination and self-reliance for Saskatchewan Métis people. Our participation demonstrates the commitment of the Federal government to self-government for Métis and off-reserve aboriginal peoples.

[*Later*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, this delayed answer does not respond fully to what I had asked. In addition to asking for particulars of the agreement, I had asked whether similar arrangements would be offered to other provinces. I am referring to the agreement between the government of Saskatchewan and the Métis Federation of Saskatchewan. Will I be getting an answer to that question later?

Hon. Lowell Murray (Leader of the Government): As I recall, the answer my honourable friend has received indicates that negotiations are now under way with, I believe, five or six provinces, and that the agreement signed with Saskatchewan is an agreement to agree, a framework agreement.

Senator Molgat: I am sorry; you are right.

COMMUNICATIONS

FUTURE OF CANADIAN MAGAZINE INDUSTRY—REQUEST FOR INFORMATION

Hon. Lowell Murray (Leader of the Government): Honourable senators, while we are on the subject of delayed answers, I do not have a written reply to some questions that were asked yesterday and on previous days by our colleague Senator Davey concerning the *Sports Illustrated* matter. I am afraid I cannot be much more forthcoming today than I have been on previous days.

However, I should like to tell the house that Time Canada has provided the Department of National Revenue with information respecting its business plan for *Sports Illustrated Canada*, that the officials of the Department of National Revenue are reviewing this information and, finally, that the position of the minister is that the department must not only consider the case made by the company but must also examine copies of the magazine itself before a final decision can be rendered under the existing law. Further, I am told that it is unlikely that copies of the magazine will be available before the end of March.

ORDERS OF THE DAY

TOBACCO SALES TO YOUNG PERSONS BILL

THIRD READING

Hon. Wilbert J. Keon, moved third reading of Bill C-111, prohibiting the sale of tobacco products to persons under the age of eighteen.

He said: Honourable senators, I would like to offer a few brief remarks at third reading of Bill C-111, the tobacco sales to young persons bill. As I already noted in earlier debate on the bill last week, this legislation has the support of all parties, the medical community and even tobacco consumers, producers and retailers. I was very pleased to hear the conclusion of Senator Frith's comments during second reading last Thursday, when he said:

> The stated purpose of this bill is laudable. Canadian children should have every chance to live long and healthy lives. Anything that discourages them from smoking is worth enthusiastic support.

This bill does so, and should get such enthusiastic support.

• (1430)

I should like to thank other honourable senators and, in particular, the members of the Standing Senate Committee on Social Affairs, Science and Technology for their speedy consideration of Bill C-111 and for the committee members' willingness to meet on short notice on Tuesday evening to hear testimony from several witnesses on this legislation.

That evening of hearings was particularly important because the bill received unanimous support and passage through all stages of legislation in the other place and, therefore, no witnesses were heard. As a result, we were able to hear from government officials about some of the concerns that had been expressed concerning enforcement of the legislation and the need for continual consultation, collaboration with the provinces, territories, municipalities, as well as with the tobacco retailers and vending machine operators.

There has been some concern raised by senators opposite about the cost of enforcement of this legislation. I should like to emphasize that Bill C-111 would not result in any increased expenditure of financial resources by the federal government. I am informed by the Department of Health and Welfare that we already have federal officials, inspectors and medical officers who can participate in enforcement.

During the initial consultation with the provinces and territories regarding the need for action on access by minors to tobacco, considerable enthusiasm for this legislation was shown. In fact, Manitoba, Prince Edward Island, Nova Scotia and Ontario are already enforcing their own provincial legislation in this area. I understand that British Columbia will also be doing the same.

While other provinces are exploring similar legislation, in some cases their legislation may be stricter than the national standard presented by Bill C-111. Existing federal officers can fill that enforcement void until those provinces have determined their own manner of enforcement. The federal government will be initiating a new consultation process with the provinces, territories and band councils in order to develop community-based compliance strategies.

During committee stage, we heard particular comment on vending machine placement as well as apprehension regarding those who sell tobacco to minors outside a traditional business structure. With the passage of Bill C-111, the government is committed to coming forward with clear and precise regulations that will facilitate the efforts of the agents charged with the enforcement of the act.

We also had the opportunity to hear from a number of groups concerned with this legislation and with the general problem of harmful effects of tobacco, including the Canadian Council on Smoking and Health, the Canadian Cancer Society, the Heart and Stroke Foundation of Canada, Physicians for a Smoke-Free Canada and the national office of the Lung Association. I was pleased to hear their voices added to the chorus of support for Bill C-111.

As you know, honourable senators, this bill is only one element in the government's efforts to encourage a continual reduction of tobacco consumption in Canada. It is, however, a vitally important element in that program because it is aimed at helping to discourage young Canadians who are taking up a harmful habit at an age when they are most susceptible.

Once again, I urge honourable senators to give unanimous support to this legislation.

Motion agreed to and bill read third time and passed.

• (1440)

ECONOMIC STATEMENT

INQUIRY — DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator MacEachen, P.C., calling the attention of the Senate to the economic statement made by the Minister of Finance, on Wednesday, 2nd December, 1992. — (*Honourable Senator Molgat*).

Hon. Douglas D. Everett: Honourable senators, in dealing with the economic statement of the Minister of Finance, there are certain aspects of it that attracted my attention. He stated that Canada is the major industrial nation that is most dependent on exports outside of Germany. Exports generate 30 per cent of economic activity in Canada, and account for one out of every four jobs.

Mr. Mazankowski has said that the new world brings intense pressure to compete, and those who can will prosper and those who cannot will stagnate. He states that Canada will continue to invest in broadening trade opportunities.

Honourable senators will be interested in what Mr. Crow, the Governor of the Bank of Canada, had to say on the same subjects. He has said that Canadians are increasingly discovering foreign markets and sales opportunities, that they compete on the basis of cost and quality, and that export volumes are rising. Indeed, he is right.

In 1992, exports were up 8.2 per cent, while imports were only up 5.5 per cent. Sales to the United States amounted to $157 billion in 1992, up from $97.8 billion in 1989 — a 62 per cent increase.

The free trade agreement has been effective. Interestingly enough, the GST has lowered the export price tax content by 1.6 per cent. Those factors, the free trade agreement and the lowered exchange rate, have improved our export position with the United States and with other countries.

However, we have the problem of the debt and the deficit. Federal and provincial debt in Canada is now $620 billion, which represents 87 per cent of the gross domestic product. Interest payments on that debt aggregate $55 billion per year. The cash requirements of the federal governmental alone are $30.5 billion in the fiscal year ending March 31, 1993. In 1994, they will be $26.5 billion.

Federal and provincial deficits now represent 6.7 per cent of the gross domestic product. That is the second highest in the G-7 countries, only exceeded by Italy. This is due in large part to the fall in real output which lowered revenues and the increase in unemployment insurance benefits caused by increased unemployment.

What can we do about this? We could raise taxes. However, our tax revenues are already 39.4 per cent of the GDP, as opposed to 29.9 per cent in the United States. Some 42 per cent of national income in Canada goes to governments. That is up from 30 per cent in the early 1970s.

The United States is not in the same position we are in. It can raise taxes. There are a number of areas where the United States has no taxes or low taxes, but Canada is not in that position. To raise taxes now will only decrease the productivity of Canadians and decrease their savings rate.

On the other hand, we can reduce spending. However, that is a difficult political decision to make. This government has attacked the concept of universality, with which I tend to agree. That, perhaps, can be carried a little further, but with great political difficulties.

Medical costs in Canada are probably out of hand. It would be possible to employ user fees in respect of medical costs, provided there was a provision for the needy. We could endorse the concept of extra-billing, provided doctors were only entitled to get 75 per cent of the amount mandated under billing schedules. Those things could be done and we could reduce spending through such initiatives. However, politically, they are very dangerous, and probably something that would not be acceptable to the country as a whole.

There is another aspect of the deficit that is even more worrisome. It is the fact that the size of the deficit has caused us to finance it by borrowing in foreign markets. Public and private net international debt is now $272 billion — 40 per cent of the gross domestic product — versus, in comparison, 5.3 per cent in the United States. The current account deficit in 1992 was $28.6 billion. Interest amounted to $24.35 billion, up from $9.3 billion in 1984. The travel deficit was $8.2 billion, up from $2.1 billion in 1984, while the trade surplus amounted to $9.35 billion, down from $20 billion in 1984.

We have the biggest current account deficit among G-7 countries and among the 24 countries of the OECD. We must reduce our reliance on foreign debt, and we must be able to finance our debt domestically rather than borrowing from foreign sources. If we do not, we run the risk, as the Governor, the Minister of Finance and the President of the Bank of Nova Scotia say, of foreign investors losing confidence in our currency.

I am suggesting that if we cannot do it by raising taxes — and I do not believe we can — and if we will not do it by reducing spending — and I do not think we will — then what we have to have is a drive for increased exports. If we improved our export performance, we would improve the current account balance. We would improve employment among Canadians. This would have a rub-off effect on domestic activity. We would reduce the budgetary deficit and our dependence on foreign borrowings.

Inflation is under control in Canada. At present, it is 1.4 per cent, the lowest among the G-7 countries. It is estimated that it will be below 2.5 per cent in 1993. In addition, our productivity in Canada is up by 2.6 per cent.

The Bank of Canada has done an excellent job in controlling inflation. But that should not be the Bank of Canada's sole objective. I think the Governor is mistaken when he says that the only test of central bank policy is the test of price stability.

I suggest that there is another policy option. It is the controlled lowering of the exchange rate, especially vis-à-vis the United States at this time. Looking at the level of the Canadian dollar in January 1993, the *Economist* reported that Canada's trade-weighted dollar was at 105.5 per cent of its 1985 level, whereas the U.S. was at 64.5 per cent of its trade-weighted level. In other words, the Americans have made an adjustment to a lower dollar, and they are benefiting from that adjustment.

• (1450)

I have spoken about this matter many times in the past two years. The Bank of Canada kept the exchange rate high in order to fight inflation. However, they had a one-dimensional policy and that is all that the Governor, by his own admission, cares about. The result of that was to exacerbate the current account deficit. Also by virtue of that policy, by virtue of the high Canadian dollar and high interest rates, he exacerbated the problem of foreign borrowing because those in Canada who required money, whether they be the federal government, provincial governments or corporations, often found it more attractive to borrow off-shore than in the domestic market.

The lower Canadian dollar in the last year has improved Canadian productivity. A great deal of that 2.6 per cent which I talked about in improved productivity really stems from the lowering of the Canadian dollar over the last year. The result of that has been to increase exports. It has dampened cross-border shopping, as senators are aware. It will also have the effect of reducing our travel deficit.

The danger that is put forward in a controlled lowering of the exchange rate is that we will not be able to finance the current account deficit; that the financing of it requires a stable dollar and high interest rates. I suggest to you that the alternative is much more dangerous. It is far better to bring the exchange rate down on a controlled basis than it is to build up an ever-increasing foreign debt and an ever-increasing current account deficit, in which case the foreign borrowers lose confidence in our currency. This would be catastrophic, as has been the case in New Zealand.

It is true that, in taking that step, we would have to increase the money supply. However, the inflation rate in Canada at the present time gives us the opportunity to do this. The benefit would be, of course, to increase exports and reduce imports. As far as I can see, honourable senators, that is the only logical way that Canada can solve its problem. I do not believe it can now solve the problem through increased taxes. I do not believe there is the political will to solve it through reduced spending, even though governments are trying as hard as possible.

The only hope is to increase our foreign trade, increase our exports, decrease our imports. By virtue of that, we can get out of this mess, and that is the only way, in my judgment, that is open to us.

Some Hon. Senators: Hear, hear.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I wonder if the Senator would permit a question? I followed his argument with a good deal of interest and with a good deal of agreement.

However, could he tell us in which particular fields he sees openings for big improvements in Canadian exports? In the agricultural field, which has been a big one in the past, the present situation does not look hopeful. The biggest exporter for us has been the woods — forestry products in total. There we seem to be in some difficulty, too. Has the honourable senator been able to focus on any particular area?

Senator Everett: One area which comes to mind is natural gas. There has been a tremendous increase in demand in the United States for our natural gas. Product prices have increased substantially. There is opportunity for a very major increase in our international income in the forest products industry. I understand that there has been quite a change in the export of those commodities at much higher prices than we have enjoyed in the past.

I think one could look at a number of sectors that would benefit from this policy. One cannot ever be sure that a policy is right or wrong in black and white. What worries me is that if we allow the present policy trend to continue — with the Canadian dollar already starting to climb up a little — we increase the foreign debt and the current account deficit, and thereby run the risk, at that time, of a loss of confidence in the Canadian economy and in the Canadian dollar.

The alternative is to lower the exchange rate, which we have the opportunity to do because the inflation rate is so low, and I congratulate the Governor of the Bank of Canada on that aspect of his policy. We have the opportunity to do that and, by so doing, we can make ourselves much more productive than the Americans.

As I said, resulting from an increase in export activity, there is bound to be a rub-off on domestic activity which should get the economy moving at a much faster rate.

Whether you are in business or in government, you cannot get out of a situation by just reducing costs. Somehow or other, you have to increase income. That is the opportunity that we have now. In other circumstances, we would not have such an opportunity. We could be in a position where our inflation rate would be too high and we would be exacerbating a situation that was unacceptable. We just happen to be in this position at this time, and we should take advantage of it.

Hon. Roch Bolduc: Honourable senators, suppose the government decides to do that. What will happen? The honourable senator says that actual inflation is low. I agree with that. However, what would be the effect of that move on inflation? The move you are talking about is inflationary.

Senator Everett: That is right. That is always the danger, and I think that is the danger that the Governor of the Bank of Canada would put forward. The fact of the matter is that if we carry on with the policy we have, then I suggest we are running a far greater risk that the people who are now financing our deficit will lose confidence in the Canadian economy.

I think there is room at today's level of inflation to take a controlled risk. I am talking about a controlled risk. I am not talking about a sudden change in policy. Again, the governor will probably say, "If you start on that, you will not be able to stop it." I do not believe that because, if you look at the policy over the last year where the dollar has come down in the medium-term, with one blip up, I think the same thing can be done without losing control of the currency and without letting inflation ignite again.

Hon. Philippe Deane Gigantès: Honourable senators, may I ask a question? The honourable senator also said in his speech that if our exchange rate falls, that may reduce the number of imports. Of course, I agree with him on that. If imports fall, the source of inflation caused by higher import prices is also mitigated. However, would the honourable senator suggest that some local substitution for such imports might occur?

Senator Everett: Most certainly. There is an opportunity for a substitution, and that is one of the reasons why imports are reduced.

I also have a statement from the Governor of the Bank of Canada in which he said the following:

> ...what is particularly important is the fact that costs of production in Canada are now under much better control. In particular, this environment of cost containment can help us absorb the impact from the recent decline in the external value of our currency...

• (1500)

In other words, he is making the very argument that if our productivity increases, which it is doing, then I think we can absorb a reduction in the exchange value of our currency. I suspect, as you say, there would be some substitution involved and there would be some higher prices. Again, on the basis of the productivity that can be realized by increased exports under this policy, I believe we could absorb the increase in import prices.

Senator Gigantès: I would like Senator Chaput-Rolland to note that there are some senators with whom I agree.

On motion of Senator Molgat, debate adjourned.

The Senate adjourned until Tuesday, March 23, 1993 at 2 p.m.

THE SENATE

Tuesday, March 23, 1993

The Senate met at 2:00 p.m., the Speaker in the Chair.

Prayers.

NEW SENATORS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received certificates from the Registrar General of Canada showing that the following persons, respectively, have been summoned to the Senate:

A. Raynell Andreychuk

Jean-Claude Rivest

INTRODUCTION

The Hon. the Speaker having informed the Senate that there were senators without, waiting to be introduced —

The following honourable senators were introduced; presented Her Majesty's writs of summons; took the oath prescribed by law, which was administered by the Clerk; and were seated:

Hon. A. Raynell Andreychuk, of Regina, Saskatchewan, introduced between Honourable Lowell Murray and Honourable E.W. Barootes.

Hon. Jean-Claude Rivest, of Quebec City, Quebec, introduced between Honourable Lowell Murray and Honourable Solange Chaput-Rolland.

The Hon. the Speaker informed the Senate that the honourable senators named above had made and subscribed the declarations of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will take just a moment of your time to say a word of welcome, and it is a very warm welcome, to our two new senators, the Honourable Raynell Andreychuk of Saskatchewan and the Honourable Jean-Claude Rivest of Quebec. Both of our new colleagues have behind them truly distinguished records of public service. Senator Andreychuk has been a judge of the Saskatchewan Provincial Court, Chancellor of the University of Regina, Associate Deputy Minister of Social Services in the Government of Saskatchewan, Canadian High Commissioner to Kenya and Canadian Ambassador to Portugal.

[*Translation*]

• (1410)

The Honourable Jean-Claude Rivest was re-elected twice to Quebec's National Assembly, where he was the member for Jean-Talon from 1979 to 1985. He is probably better known as former political advisor to the Honourable Jean Lesage and as former constitutional and political advisor to the Honourable Robert Bourassa.

Over the years, the Honourable Jean-Claude Rivest gained the respect and friendship of all his colleagues in other governments throughout the country.

[*English*]

We are happy and fortunate that Senator Andreychuk and Senator Rivest are now to bring their fine reputations, their talents and experience to the service of Canada and of Canada's Parliament.

I can tell them that most of us here — no, all of us here, I think — find our work here and our associations here to be stimulating and enjoyable.

[*Translation*]

Honourable senators, I am certain that it will not be any different for our two new colleagues.

[*English*]

I extend to both of them a warm welcome and our best wishes as they begin their work among us.

Hon. Senators: Hear, hear.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I feel constrained to say that I am not comfortable with the tradition that Senator Murray has launched in this place of starting the tenure of new senators with remarks that we usually save for their departures. However, I will try to think of it in that context.

Of course, I take no exception to what Senator Murray has said about the service these two Canadians have given to public life in Canada, the kind of service that is often justly crowned by an appointment to the Senate. I am sure that such coronation is justified in these two cases. Therefore, I add my welcome to them.

However, in the case of Senator Rivest, I wonder whether there was, perhaps, a breakdown in communication. I can understand that the Prime Minister and his cabinet — indeed, his entire administration — is preoccupied with what, to

them, are important considerations. In those circumstances, therefore, it is understandable that the Prime Minister might have overlooked what could have been a simple phone call to find out whether we would have welcomed Senator Rivest on this side, considering the years of service that he gave to the Liberal Party and to the just regard and affection in which he was held by Liberals. He will, therefore, understand our disappointment, and particularly with the fact that, when I refer to him, I am not looking over my shoulder instead of over on the side of the Enemy.

Some Hon. Senators: Oh, oh!

Senator Frith: That got the attention of honourable senators opposite, as I thought it might.

What more is there to say, then, except a simple bienvenue.

SENATORS' STATEMENTS

SPORT

CANADIAN INTERUNIVERSITY ATHLETIC UNION CHAMPIONSHIPS—FELICITATIONS TO ACADIA UNIVERSITY HOCKEY TEAM AND ST. FRANCIS XAVIER UNIVERSITY BASKETBALL TEAM

Hon. B. Alasdair Graham: Honourable senators, I am sure honourable senators from other parts of Canada will forgive Nova Scotians who, today, temporarily shed their traditional cloaks of modesty in celebrating the twin achievements of athletic excellence which took place in Toronto and Halifax last weekend.

For those who really do not take cognizance of such splendiferous sporting spectaculars, Acadia University triumphed, to put it mildly and delicately, over the University of Alberta and the University of Toronto to win the Canadian Interuniversity Hockey Championship. Restraint on behalf of those distinguished Acadia alumni, like Senator John Stewart, Senator Atkins and Senator Oliver, prevents me from mentioning the final scores. However, as we say so often in this place, it is a matter of public record. The final game was played in historic Maple Leaf Gardens.

Meantime, down in Halifax, the city which, next to Antigonish, is now the undisputed basketball capital of Canada, some 8,500 fans watched St. Francis Xavier University capture the Canadian Interuniversity Basketball Championship. The X-Men enjoyed thrilling victories over the University of Calgary on Friday, the University of Ottawa on Saturday, and McMaster University on Sunday.

For the record, other universities that participated and acquitted themselves very well included the University of Winnipeg, the Brandon Bobcats, the University of Western Ontario, and the Concordia Stingers of Montreal. I am sure that those who have been associated with St. FX so closely over the years, including Senator MacEachen, Senator Murray, both Senator John M. Macdonald and Senator Finlay MacDonald, Senator Thériault, Senator Cochrane, Senator Doyle, Senator Buchanan, as well as the distinguished professor, Senator Stewart, would want to extend to all concerned our heartiest congratulations.

Particular mention, honourable senators, should be made of those great coaches, Steve Konchalski of St. Francis Xavier and Tom Coolen of Acadia.

But after all the hoopla, after all is said and boasted about, honourable senators, the most reassuring aspect of these national championships is the manner in which they were organized by the Canadian Interuniversity Athletic Union and, most particularly, the way in which young students from all universities conducted themselves. No matter where they come from, they are a credit to their families, to their home communities and to the institutions they represent.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Government): Honourable senators, new senators, or anyone else for that matter, should not think that such ecumenical love-ins as we have witnessed today are characteristic of Senate sessions. I take the opportunity under Senators' Statements to remind honourable senators, and Senator Murray in particular, that for 125 days now the government, through its political cowardice and contempt for the democratic process, as he describes it, has fiddled events and diddled the Canadian people out of an election.

Senator Simard: Are you one of the nervous nellies?

Senator Frith: No, sir. Are you? I am glad you asked, though. Would you like to offer us an election? Why not get the coronation over with and let us have an election? We will see who the nervous nellies are.

For 125 days, Senator Simard and his colleagues, whom Senator Murray accuses of political cowardice and contempt for the democratic process, have diddled the Canadian people out of the election they should have had.

And Senator Simard, you can stop that twitching. There is no nervousness on this side. Bring on the election!

ANNE MURRAY

FELICITATIONS ON INDUCTION INTO MUSIC HALL OF FAME

Hon. M. Lorne Bonnell: Honourable senators, I want to associate myself with the comments of Senator Graham in congratulating Nova Scotians. I should also like to mention another great Nova Scotian, Anne Murray, who was inducted into the Music Hall of Fame last weekend. Anne Murray has done wonders for music. Springhill, Nova Scotia, has been put on the map because of her, just as Prince Edward Island has been put on the map because of Gene MacLellan, who wrote the song "Snowbird", which put Anne Murray at the top.

Honourable senators, it was a wonderful weekend for Nova Scotia and Atlantic Canada, and I am proud to acknowledge it.

AGRICULTURE

FARM SAFETY NET SUPPORT PROGRAM

Hon. Efstathios William Barootes: Honourable senators, I wish to draw the attention of the Senate to a matter that is of some importance to us in the West, particularly in Saskatchewan. I know that certain of my senatorial friends associated with the agricultural industry, especially Senator Olson, will rejoice with me in the news that I am bringing to you today.

Whilst the Senate was in recess, the Minister of Agriculture, Charlie Mayer, along with the Government of Saskatchewan, announced improvements in the Farm Safety Net Support Program for Saskatchewan producers. Although he admits that there is much work still to be done to make the program better for the future, he hopes that the federal government and all provinces, including Saskatchewan, will together continue to strive towards an improved safety net.

By the agreement which the two ministers undertook, they will be accelerating the pay-out schedule under GRIP for the 1992 payments to ensure that they are fully delivered in the year 1993. This is injecting some $90 million into the Saskatchewan farm economy this year. Even more important, in addition to these initiatives, they are providing Saskatchewan farmers with an additional $80 million in crop insurance payments to cover losses due to the poor quality of last fall's harvest.

I remind you that through an action — I do not like to call it a mistake — through an action taken by the government of Saskatchewan, the safety net under GRIP was partially removed. As a consequence, last year farmers lost hundreds of millions of dollars in protection income. Unfortunately, that could not be made up because the province had withdrawn support of the type available in the GRIP program, and which was available to the other two western provinces.

Perhaps this and the agreement they have made to pursue a better program in the future will make up for the action inadvertently taken by the NDP government in Saskatchewan last spring.

ROUTINE PROCEEDINGS

THE ESTIMATES, 1992-93

TABLING OF SUPPLEMENTARY ESTIMATES (C)

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I wish to table the Supplementary Estimates (C) for the fiscal year ending March 31, 1993.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

THIRTY-FIRST REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Standing Committee on Internal Economy, Budgets and Administration presented the following report:

Tuesday, March 23, 1993

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its:

THIRTY-FIRST REPORT

Your Committee recommends that with regard to Senators' Secretaries annual leave:

1. The Senate pay out all accumulated leave in excess of one year's carry-over, whether that leave was brought over from another institution or accumulated internally. The accumulated leave could be paid out (i) immediately or (ii) upon retirement, at the discretion of the secretary;

2. Effective immediately, the Senate will not be responsible for the leave accumulated in outside institutions by new secretaries of Senators;

3. Effective April 1, 1993, the carry over to the next fiscal year of annual leave accumulated by a Senators' secretary may not exceed one year's entitlement, with the prior approval of the Senator;

4. Senators be advised by Senate Administration when secretaries are not filing their attendance sheets.

Respectfully submitted,

Thérèse Lavoie-Roux
Chairperson

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

On motion of Senator Lavoie-Roux, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

• (1430)

THE ESTIMATES, 1992-93

NATIONAL FINANCE COMMITTEE AUTHORIZED TO STUDY SUPPLEMENTARY ESTIMATES (C) FOR YEAR ENDING MARCH 31, 1993

Hon. John Lynch-Staunton, with leave of the Senate and notwithstanding rule 59(1)(*f*), moved:

THAT the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (C) for the fiscal year ending 31st March, 1933. (Sessional Paper 343-391).

Motion agreed to.

[*Translation*]

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

THAT when the Senate adjourns today, it do stand adjourned until Wednesday next, March 24, 1993, at one thirty in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

[Senator Lavoie-Roux]

[*English*]

SASKATCHEWAN TREATY LAND ENTITLEMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-104, respecting an agreement regarding treaty land entitlement in Saskatchewan entered into on September 22, 1992 among Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of Saskatchewan and the Keeseekoose, Muskowekwan, Ochapowace, Okanese, Piapot, Star Blanket, Yellowquill, Beardy's & Okemasis, Flying Dust, Little Pine, Moosomin, Mosquito Grizzly Bear's Head, Muskeg Lake, One Arrow, Pelican Lake, Red Pheasant, Saulteaux, Sweetgrass, Thunderchild, Witchekan Lake, Canoe Lake and English River bands, and respecting an agreement regarding treaty land entitlement in Saskatchewan entered into on September 23, 1992 among Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of Saskatchewan and the Nekaneet band.

Bill read first time.

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

On motion of Senator Lynch Staunton, bill placed on the Orders of the Day for second reading on Thursday, March 25, 1993.

[*Translation*]

CANADA POST CORPORATION ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-73, to amend the Canada Post Corporation Act.

Bill read first time.

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on next Thursday, March 25, 1993.

[*English*]

FARM CREDIT CORPORATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-95, to continue the Farm Credit Corporation and to repeal certain Acts in consequence thereof.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, March 25, 1993.

[*Translation*]

APPROPRIATION BILL NO. 4, 1992-93

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-119, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993.

Bill read first time.

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, March 25, 1993.

APPROPRIATION BILL NO. 1, 1993-94

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-120, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1994.

Bill read first time.

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, March 25, 1993.

[*English*]

CHILD DAY BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-371, respecting a national child day.

Bill read first time.

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

On motion of Senator Fairbairn, bill place on the Orders of the Day for second reading on Monday, March 29, 1993.

[*Translation*]

BANKING, TRADE AND COMMERCE

SPECIAL STUDY ON INSURANCE CORPORATIONS—NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO CHANGE DATE OF PRESENTATION OF FINAL REPORT

Hon. Jean-Marie Poitras: Honourable senators, I hereby give notice that tomorrow, Wednesday, March 24, 1993, I will move that notwithstanding the orders of reference adopted by the Senate on December 17, 1991, September 11, 1992, and December 14, 1992, the Standing Senate Committee on Banking, Trade and Commerce be authorized to present the final report on the special study on the Canadian Deposit Insurance Corporation, the Canadian Life and Health Insurance Compensation Corporation and the Property and Casualty Insurance Compensation Corporation, no later than June 30, 1993.

SPECIAL STUDY ON DRAFT REGULATIONS—NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO CHANGE DATE OF PRESENTATION OF FINAL REPORT

Hon. Jean-Marie Poitras: Honourable senators, I also give notice that tomorrow, March 24, 1993, I will move that notwithstanding the orders of reference adopted by the Senate on December 17, 1991, June 23, 1992, and September 11, 1992, the Standing Senate Committee on Banking, Trade and Commerce be authorized to present the final report on the special study on draft regulations ensuing from the new legislation on Canadian financial institutions, no later than June 30, 1993.

[*English*]

• (1440)

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a number of petitions still indicating the discontent of the people of Canada, to put it mildly, with the GST, and petitioning —

Senator Lynch-Staunton: That is not what Angus Reid said.

Senator Frith: — the Senate accordingly. The list of cities on the petitions are as follows: from Ontario, Kapuskasing; from Alberta, Edmonton, Falher, Girouxville, Grimshaw, Guy, Kinsella, Marie-Reine, Nampa, Peace River, Red Deer, St Isidore, Tangent, Valleyview, Viking; from Quebec, Amos, Barraute, Charlesbourg, Châteauguay, Drummondville, Fleurimont, Granby, St-Germain-de-Grantham, Highwater, Huntingdon, Jonquière, Katevale, Magog, Mansonville, Montreal, St-Bonaventure, St-Charles, St-Elie, St-Félix-de-Kingsey, St-Louis-de-France, St-Nicéphore, Ste-Brigitte, Val d'Or and Vassan; from New Brunswick, Haut-Sheila —

Senator Thériault: Hot Pork.

Senator Frith: How do you pronounce it?

Senator Robichaud: How do you spell it?

Senator Frith: H-a-u-t, Sheila.

Senator Robichaud: Haut-Sheila.

Senator Frith: That is what I said — Pont la France, Saumarez, Sheila and Tracadie.

Senator Robichaud: They are all in the same area.

Senator Frith: Are they? The numbers are as follows: From Quebec, 22 petitions with 431 names; Ontario one, with 20 names; New Brunswick, two with 40 names; Alberta, three with 70 names; in total 28 petitions with 561 names. I should say that some of these petitions are urging the Senate to persuade provincial governments to put pressure on the federal government for the object set out in the petitions.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 280 citizens of the province of Quebec who oppose the goods and services tax.

These petitions come mainly from Dollard-des-Ormeaux, La Prairie, Cantley, Hull, St-Césaire, Rougemont, St-Paul, Ange-Gardien, Joliette, St-Ambroise, Ste-Brigitte, St-Samuel-de-Horton, Ste-Clothilde, Victoriaville, Daveluyville and Sherbrooke.

Honourable senators, I also have the honour to present petitions signed by 38 citizens of New Brunswick who oppose the goods and services tax. These petitions come mainly from Grande Anse and Inkerman Ferry.

This makes a total of 318 Canadians who are fed up with the GST and will remember when the time comes, which will be November at the latest, if the government dares to go to the constitutional limit of its term.

By the way, Senator Murray will surely be interested to know that I received this petition this very morning. It was signed as recently as March 8, 1993.

Hon. Lowell Murray (Leader of the Government): Honourable senators, can Senator Hébert tell us whether the signatories took a position on a tax on food as advocated by his leader, Mr. Chrétien?

Senator Hébert: Honourable senators, I think that it is generally a rejection of the GST as you designed it.

Senator Frith: Honourable senators, it is the tax as you designed it.

[*English*]

QUESTION PERIOD

FOREIGN AFFAIRS

AID TO RUSSIA—STATUS OF CANADA'S PARTICIPATION

Hon. H. A. Olson: Honourable senators, in relation to some of the statements that the Prime Minister has made recently, perhaps I might ask a question of the Leader of the Government in the Senate about Canada's actions in attempting to deal with the political turbulence that is taking place in Russia today. The Prime Minister has indicated that Canada is urging all the G-7 nations to embark on a significantly greater aid campaign for Russia and some of its neighbours that were formerly part of the Soviet Union, in view of the dissatisfaction and political turbulence taking place in Moscow now, and because of the subsequent risk and dangers to the rest of the world if this situation gets out of hand. Can the leader give us any information on this matter?

Perhaps the leader can also answer another part of my question at the same time, and that is as to whether or not Canada has fully resumed its shipments of grain to fulfil the long-term agreements that are in existence between Russia and Canada, some of which shipments were halted or delayed because the Russians had not fully met their payment commitments on some previous shipments of grain.

Hon. Lowell Murray (Leader of the Government): Honourable senators, to take the latter part of the question first, we stopped shipping grain when the Soviet Union fell seriously into arrears. That matter is now being reviewed by the government, and a decision on it would form part of an overall approach that we hope to take, in cooperation with other countries, to help the Russian federation through these difficult times.

The honourable senator will be aware that a summit is scheduled for Vancouver. That situation changes from hour to hour, but my information, which is about an hour old, is that plans are still going forward for the Vancouver summit.

We are, as I say, reviewing our own assistance to Russia, and we are in close contact with heads of government and ministers of other governments about action that can only be taken jointly with them. There is, for example, the question of rescheduling of debt. The forum for at least part of that is the so-called Paris Club, as the honourable senator knows. There is the work that must be done by the International Monetary Fund and the World Bank.

In summary, I can say that, first of all, Canada has been at the forefront in the multilateral effort to assist Russia. On a per capita basis, we are second only to Italy and Germany in the amount of aid we have provided, so we have delivered on the commitments that we made. However, there are discussions going forward, and we are reviewing our own position and that of our friends and allies with a view to helping support the beginnings of a democratic government and a market system in Russia.

Senator Olson: Honourable senators, there is quite a heavy background buzz going on in this chamber at the moment.

Senator Doody: There are a lot of private meetings.

Senator Olson: Yes, and they are causing me some problems with hearing. I did not quite hear the minister say whether or not the shipments of grain had been fully resumed. I think he said something about whether or not we had started to ship grain again. Did he say that the shipments had been fully resumed, or that the government was still considering the matter?

• (1450)

I was not criticizing the Canadian government for this. I only wish to know the facts.

Senator Murray: Honourable senators, we undertook to ship about a million tonnes of grain. More than half of that has already been shipped. We halted the shipments because Russia fell seriously in arrears to us, while they were paying other suppliers. However, we are reviewing that situation and our decision on it will form part of an overall approach that we would take, both singly and in cooperation with our friends and allies who are also in a position to help.

Senator Olson: I take it, then, that it is still in a state of review? The shipments have not yet been resumed?

Senator Murray: No.

THE PROGRESSIVE CONSERVATIVE PARTY

STATUS OF LEADERSHIP CONVENTION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I understand that the Progressive Conservative Party's Convention is scheduled for June 9, 10, 11 and 12. Since it might have some influence or effect on our legislative calendar, could the Leader of the Government in the Senate tell us if there is any news of the possibility that that convention will not go forward and that the coronation — the passing of the sceptre and the crown and perhaps the placing of ermine on the shoulders of the chosen one — might take place without a convention. In such a case, our legislative calendar and the election date might be affected.

Hon. Lowell Murray (Leader of the Government): Honourable senators, a number of most worthy candidates have already indicated their intention to seek this coveted prize, the national leadership of the Progressive Conservative Party.

Senator Frith: A well chosen adjective, sir.

Senator Murray: I expect that others will be entering the contest before long. The convention will go ahead as scheduled.

Senator Frith: Are there any senators in the running?

Senator Murray: Not yet. But those who may be thinking of it would do well to read the book on Sir John Abbott and Sir Mackenzie Bowell, who were the last two senators to make it to the Prime Ministership.

Senator Frith: But they did make it.

Senator Murray: The only news I can offer on the political front is to note with pleasure the change in the seating arrangement today and to say that the two friends who were sworn in today will not for long be the most junior senators in this place. We expect to fill up a number of those vacant seats to the left of Mr. Speaker before too long.

Senator Frith: Are you suggesting that you do not have a choice — the choice that a former Prime Minister was told he had? Is this the Mr. Mulroney who will be making these appointments, the very same one who criticized Mr. Turner?

Senator Murray: It is his responsibility.

UNITED NATIONS

PROPOSED WAR CRIMES TRIBUNAL—ALLOCATION OF FUNDS

Hon. Jerahmiel S. Grafstein: This week in Vancouver the Government of Canada is hosting an international conference of world experts to draft proposals for the establishment of a United Nations War Crimes Tribunal.

We were dismayed to learn today that one of Canada's and the world's experts, Commander William Fenrick, stated at the conference that the shortage of funds is hindering the gathering of evidence the United Nations intends to use to establish proof of crimes against humanity.

Apparently less than $1 million has been allocated from the UN budget for this purpose. When the subcommittee of our Senate's Foreign Affairs Committee attended in New York, we were told that the United Nations had an annual administrative budget of over $1 billion.

The question I have for the Government of Canada is the following: Is the government now making representations to the United Nations so that moneys presently allocated to administration of the United Nations, which has swollen, could be reallocated to the much more vital and important work of promoting the rule of law and gathering evidence of alleged crimes against humanity?

Hon. Lowell Murray (Leader of the Government): Honourable senators, my cabinet colleague the Honourable Barbara McDougall took part in that conference earlier this week. I will ask her for a statement on the matter raised by Senator Grafstein.

YUGOSLAVIA

CANADIAN PEACEKEEPING TROOPS—STATUS OF MILITARY EQUIPMENT

Hon. Peter Bosa: Honourable senators, my question is for the Leader of the Government in the Senate. Is there any truth in the media reports that Canadian troops in the former Yugoslavia are using equipment that is outdated and dangerous to their security?

Hon. Lowell Murray (Leader of the Government): No, honourable senators.

BUSINESS OF THE SENATE

TIMETABLE FOR DEALING WITH APPROPRIATION BILL

Hon. John B. Stewart: Can the Leader of the Government in the Senate tell us if the government intends to proceed to Royal Assent with the appropriation bill based on the Main Estimates before the adjournment at the time of the Progressive Conservative leadership convention or, alternatively, is it the intention that the two houses would come back after the convention to deal with that bill?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I really do not have any comment to make on that particular bill. I do not know why we would unduly delay its passage or delay Royal Assent if the Senate is in a position to deal with it.

As for the plans of the government after the convention in mid-June, the calendar of the House of Commons still provides that that House would sit until about June 23, if I am not mistaken. There has been no change in that schedule. A new Prime Minister would have various options, including prorogation and dissolution.

Having said that, I should note that my friend the leader in the other place told me today that he has some 30 days between now and mid-June for government legislation, but 40 bills. Some of these bills may fall by the wayside, but if some of them are urgent, we would expect to be back here after the convention.

Senator Stewart: It was not a matter of delaying the passage of the bill. As the Leader of the Government in the Senate suggests, the timetable for supply business in the House of Commons assumes that that bill will not be dealt with until late in June; in other words, after the Progressive Conservative convention.

What I asked was whether it is the intention of the government to propose that the bill be dealt with before the convention. I gather from the leader's response that that is not the government's plan and that we can assume that the Senate and the House of Commons will be sitting after the convention.

Senator Murray: No, honourable senators, I do not think my friend should assume quite so much. There are discussions going forward all the time among the House leaders in the other place. It may well be that opposition House leaders are being asked to cooperate in the passage of that bill before mid-June. I do not know. I will ask my cabinet colleague, Mr. Andre, whether he has anything to report on that matter.

Senator Stewart: Can we take it that the government will not proceed to a prorogation and a dissolution before the main appropriation bill has been dealt with in the normal way?

Senator Murray: Honourable senators, we will be bringing in a budget next month, as the honourable senator knows. Advice on prorogation and dissolution is the prerogative of the Prime Minister. I would certainly not expect prorogation or dissolution to take place under the present Prime Minister. I cannot speak for the future Prime Minister because I do not know who she or he might be.

Senator Stewart: So the government leaves open the possibility that Parliament would be dissolved before Parliament has dealt with the main supply business?

• (1500)

In other words, the government thinks it is appropriate to consider the possibility of financing the ordinary conduct of the government by means of Governor General's special warrants in that circumstance?

Senator Murray: Honourable senators, the honourable senator truly is making a very long jump to conclusions. The earnest of our intentions is that we have tabled an appropriations bill, and we intend to proceed with it. I am simply saying that I do not know whether Mr. Andre has asked the opposition to cooperate in the passage of said bill before mid-June or whether we would come back here after the Conservative leadership convention, as the House of Commons is still scheduled to do.

The honourable senator will appreciate that I cannot speak about prorogation or dissolution on behalf of a prime minister who has not yet been sworn in.

YUGOSLAVIA

CANADIAN PEACEKEEPING TROOPS—STATUS OF MILITARY EQUIPMENT

Hon. Peter Bosa: Honourable senators, I wonder if perhaps the honourable Leader of the Government in the Senate could elaborate further on his answer to my previous question about the military equipment that is being used by Canadian troops in Yugoslavia. I believe the articles referred to armoured vehicles that are not safe for our troops.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I gave a one-word reply to the question asked by the honourable senator, but since he has asked the question in somewhat more detail, I will make it my business to make enquiries of my colleague the Minister of National Defence.

GENERAL AGREEMENT ON TARIFFS AND TRADE

STATUS OF NEGOTIATIONS

Hon. H.A. Olson: Honourable senators, I wish to ask a question of the Leader of the Government in the Senate respecting the progress, or lack thereof, on the GATT negotiations.

The Senate has not met for quite a number of days, and I realize there is a problem with the new United States administration getting its feet under the table on this matter, if that is the correct terminology. Of course there has been a very important election in France that may have some effect on the making of any progress.

Is there any progress to report? The people in Canada who are suffering drastic financial setbacks because of the actions, or lack of action, of the federal government with respect to the Export Enhancement Programs would like to be able to look forward to some relief.

Hon. Lowell Murray (Leader of the Government): Honourable senators, a short answer would have to be rather pessimistic. We are now between the first and second rounds of the French elections, and it would not be realistic to expect much progress to take place until the rounds are completed and a new prime minister and cabinet are sworn in in that country.

Meanwhile, as the honourable senator knows, I believe the United States fast-track authority has run out. The Clinton administration will have to go back to Congress. It is not altogether a wholly encouraging situation in which we find ourselves. The only encouraging element is that President Clinton continues to express his commitment to free trade, and his determination to conclude the Uruguay Round as has been negotiated.

Senator Olson: I understand that. Can I ask whether or not there are serious negotiations going on now, or have the activities in that regard come completely to a halt in both Geneva and Brussels?

Senator Murray: Honourable senators, frankly, I think the situation is that they are marking time.

We are in touch with various countries on a bilateral basis, notably with our neighbours. I think Mr. Kantor will be here next week for a second or third meeting with the Honourable Michael Wilson, and there are opportunities to exchange information and views in the normal course of events.

However, certainly until the French election is over and the new government is sworn in, I would not expect that there would be much progress made on this matter.

THE HONOURABLE JOAN NEIMAN

FELICITATIONS ON RETURN TO CHAMBER

Hon. Lowell Murray (Leader of the Government): Before Delayed Answers are called, if you will permit me, I want to say one word of welcome back to our colleague Senator Neiman, and to express all our happiness that she is in such good form.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have replies to questions asked on February 23 by Senator Grafstein regarding Toronto as a possible international banking centre; again by Senator Grafstein on the War Crimes Tribunal; by Senator Bosa on the freezing of grants to municipalities; on February 24 by Senator Grafstein on the Vance/ Owen peace proposal; on February 25 by Senator Frith on child poverty; on March 2 by Senator Gigantès on Telefilm Canada; on March 3 by Senator Molgat on the crash of the Hercules aircraft; and on March 4 by Senator Molgat on the purchase of Telesat Canada.

METROPOLITAN TORONTO

DESIGNATION AS INTERNATIONAL BANKING CENTRE—GOVERNMENT POSITION

(Response to question raised by Hon. Jerahmiel S. Grafstein on February 23, 1993)

The International Banking Centres (IBC) established in Vancouver and Montreal are working - new business has come to Canada without the dire consequences for Toronto that some predicted.

There are no plans for an immediate expansion of the IBC System, either geographically or to include more activities.

However, the government is always monitoring the system and considering improvements. If the Honourable Senator has a serious proposal for its extension, the department of Finance would be pleased to consider it.

UNITED NATIONS

WAR CRIMES TRIBUNAL—GOVERNMENT POSITION

(Response to question raised by Hon. Jerahmiel S. Grafstein on February 23, 1993)

Canada fully endorses UN Security Council resolution 808 establishing an international tribunal to prosecute those responsible for serious violations of international humanitarian law in the former Yugoslavia. Since last August, Canada has repeatedly stressed the need for such a tribunal. Our commitment in this regard is clear.

While the Security Council resolution does not contain details of the institutional framework of the tribunal - its composition, procedures, location and jurisdiction - it does request the secretary-general to report back in 60 days on how the tribunal might function.

Canada is sponsoring an international meeting of experts to consider the establishment of an international criminal court, including the question of an ad hoc tribunal, in Vancouver from March 22 to 26. This meeting will address many of the questions raised by the Senator - such as composition and structure of the tribunal.

While the jurisdiction of the tribunal is not yet fixed, the Security Council resolution mentions grave breaches of the Geneva Conventions (war crimes) and other violations of international humanitarian law. In particular, the resolution refers to ethnic cleansing and to the sexual assault of Muslim women in the former Yugoslavia.

Within the UN and Canada the collection of information on allegations of war crimes has already begun:

On January 12, Canada established an Information Coordinator to receive substantiated information on violations of international humanitarian law and released the first report to the UN Secretary-General on March 9.

CDR William Fenrick, of the department of National Defence, is currently serving on the UN Commission of Experts gathering evidence of war crimes in the former Yugoslavia.

A team of Canadian investigators left early in March for the former Yugoslavia to assist the UN commission in its inquiry into a mass grave site in Vukovar.

THE ECONOMY

MUNICIPALITIES—EFFECT OF FEDERAL FREEZE ON GRANTS IN LIEU OF TAXES—GOVERNMENT POLICY

(Response to question raised by Hon. Peter Bosa on February 23, 1993)

From 1986/87 to 1992/93, there will have been an overall 32.1 percent increase in all government program spending. By contrast, in the area of municipal grants, the increase has been 77.6 percent.

This represents a significant increase in public spending, particularly in the area of grants-in-lieu-of-taxes, and we must take measures to deal with this.

In 1986/87, Public Works paid out $238,621,264 in grants-in-lieu-of-taxes. For 1992, payments will be nearly double - approximately $423,843,000.

Clearly, municipal grants expenditures are rising at a very high rate and measures must be taken to deal with this.

The department of Public Works is looking at how grants-in-lieu-of-taxes can be kept at the 1992 levels and is in the process of developing an appropriate implementation process that will be fair to all.

The net result will be not only a savings in public spending, but also a program that is more equitable for all Canadian municipal recipients.

GROWTH OF FEDERAL GRANTS IN LIEU OF TAXES FOR TAXES ON DEPARTMENTAL PROPERTY, 1986/87 to 1992/93 ($ MILLION)

86/87	87/88	88/89	89/90	90/91	91/92	92/93
217	250	297	284	310	360	424

YEAR OVER YEAR PER CENT INCREASE

87/88	88/89	89/90	90/91	91/92	92/93
15.2	18.8	–4.3	9.1	16.2	17.7

NOTE: Payments are on a cash basis and, therefore, tend to be somewhat irregular from year to year, depending upon the backlog of unsettled grants at the end of each year. Payments exclude post office properties in all years.

BOSNIA-HERZEGOVINA

CANADIAN PARTICIPATION IN POSSIBLE UN MILITARY INITIATIVE—GOVERNMENT POSITION

YUGOSLAVIA

OWEN-VANCE PROPOSAL FOR PEACE—GOVERNMENT POSITION

(Response to questions raised by Hon. Jerahmiel S. Grafstein on February 24, 1993 and by Hon. Raymond Perrault on March 3, 1993)

Negotiations are currently under way in New York among the parties to the Bosnian conflict, under the chairmanship of the UN (Vance) and the EC (OWEN), assisted by American and Russian representatives.

These negotiations are aimed at obtaining a comprehensive political and security package that would form the basis for the future co-existence of the Croatian, Serbian and Muslim populations of Bosnia.

Canada fully supports the process now under way because it represents a comprehensive approach that aims at achieving a settlement that can work in the current circumstances and that respects the principles of international law. There are inadequacies in the plan that can be corrected at the Security Council.

Once an agreement is reached among the political leaders, the implementation of its provisions may run into the opposition of local military commanders and other rogue elements. UN Secretary General Boutros-Ghali's approach, as expressed recently, is that an international military presence may be needed to see to the implementation of this plan. This will be a critical phase where UN member states will have to play a role. The government is prepared to consider what will be requested from Canada.

Canada is one of the most actively-engaged countries in UN peacekeeping and relief assistance programs now in place in Croatia and in Bosnia-Hercegovina.

Discussions about further international assistance in the former Yugoslavia are taking place in many international institutions, including at the UN, and Canada is keeping in close touch with our friends and allies on these issues.

CHILD POVERTY

DEFINITION OF POVERTY—CLARIFICATION OF GOVERNMENT POLICY

(Response to question raised by Hon. Royce Frith on February 25, 1993)

The question of the "definition of poverty" is one which is currently under examination by the House of Commons sub-committee on Poverty.

The House sub-committee has every right to investigate important issues raised by trying to measure poverty, and the government is looking forward to reviewing the results of their deliberations.

However, it should kept in mind that the real issues that should be addressed relate to the causes of poverty, not the symptom of inequality of incomes. The Minister of Health and Welfare believes that the focus of attention should be on the need to improve the opportunities that Canadians have to increase their incomes and to become more self-reliant.

The government acknowledges that approximately one million Canadians under the age of 18 are living in low income circumstances. That is why the government has made the elimination of child poverty a priority. The $500 million Child Development Initiative announced as part of Brighter Futures will help protect children from serious conditions of risk.

In addition, the new Child Tax Benefit will increase by $2.1 billion over the next five years federal support for children and families. The new system contains a major forward looking innovation — a supplement for low-income working families.

Last November, the Prime Minister reaffirmed the commitment to find ways to improve our social programs, to make them more effective in meeting the needs of people, most particularly those most in need. That is why the Minister of Employment and Immigration and the Minister of Health and Welfare are working on a discussion paper on the future of social policy in Canada, which will lay the groundwork for a national dialogue on future directions for Canadian social policy.

TELEFILM CANADA

PROPOSED FILM ON OCTOBER CRISES—RATE OF RETURN ON INVESTMENT

(Response to question raised by the Honourable Philippe Deane Gigantès on March 2, 1993)

The return on investment is the wrong measurement of the success or failure of a film.

Canada is considered a small market. The two films in question (Elvis Gratton and Le Party) are French language films released in Quebec, a market obviously limited. It is exceptional that a Canadian film generate the box office return to match its production costs. In fact, recently only one movie released nationally and internationally (Black Robe) came close to that achievement.

The success of a film should be based in large part on critical and popular acclaim.

NATIONAL DEFENCE

REPORT OF INVESTIGATION INTO CRASH OF HERCULES AIRCRAFT EN ROUTE TO ALERT—REQUEST FOR INFORMATION

(Response to question raised by Hon. Gildas L. Molgat on March 3, 1993)

The final report of the aircraft crash at Alert is in the final stages of review. We expect the report to be released in the spring.

Civilian government employees involved in flying accidents on non-scheduled flights such as that to Alert are able to apply for compensation under either the Flying Accident Compensation Regulations or the Government Employees' Compensation Act.

Mr. Thomson, who is eligible for such compensation, has retained counsel. Counsel to Mr. Thomson has been advised of these avenues for compensation. It is up to Mr. Thomson and his legal counsel to determine their preferred route of compensation.

Mr. Thomson's claim for personal property lost in the crash has been settled.

Miss Hillier also retained counsel. She is not a government employee and is not covered under any federal legislative scheme with respect to her injuries. The Department of National Defence has made every effort to handle her claim in a timely manner. Our legal department has requested, on several occasions, specific documentation supporting Miss Hillier's request for damages. To date, this documentation has not been forthcoming.

Miss Hillier's claim for loss of personal property has been settled.

COMMUNICATIONS

PURCHASE OF TELESAT CANADA—REQUEST FOR INFORMATION

(Response to question raised by the Honourable Gildas L. Molgat on March 4, 1993)

This matter refers to an advance tax ruling. The department conducts many tax rulings each year when specific requests are made.

Section 241 of the Income Tax Act, the privacy provisions, precludes the Minister of Revenue from commenting on the specifics of any taxpayer or group. To do so would be a breach of taxpayer confidentiality. However, it should be noted that all advance tax rulings are conducted carefully to ensure compliance with the Income Tax Act.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

NEWFOUNDLAND—RECONSTRUCTION OF THE WHARF IN ROCKY HARBOUR

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 79 on the Order Paper — by Senator Marshall.

THE GENESIS MEDIA COMPANY

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 80 on the Order Paper — by Senator Stollery.

CANADA-JAPAN 2000—COMPOSITION OF STUDY GROUP

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 83 on the Order Paper — by Senator Marshall.

THE ECONOMY

DECLINE IN BANK RATE

Hon. Lowell Murray (Leader of the Government): Honourable senators, this is a kind of delayed answer. It is to a question that was not asked by Senator Olson today concerning the bank rate. I wanted him to know that it was set at noon today at 5.46 per cent, 10 points down. This is the sixteenth weekly decline in the past 17 weeks.

ORDERS OF THE DAY

SMALL BUSINESSES LOANS ACT

BILL TO AMEND—THIRD READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the third reading of Bill C-99, to amend the Small Businesses Loans Act and another Act in consequence thereof.

Motion agreed to and bill read third time and passed.

CRIMINAL CODE

BILL TO AMEND—THIRD READING

Hon. John Lynch-Staunton (Deputy Leader of the Government), moved the third reading of Bill C-69, to amend the Criminal Code (air and maritime safety).

Motion agreed to and bill read third time and passed.

[*Translation*]

DIVORCE ACT
FAMILY ORDERS AND AGREEMENTS ENFORCEMENT ASSISTANCE ACT

BILL TO AMEND—THIRD READING

Hon. Thérèse Lavoie-Roux moved the third reading of Bill C-79, to amend the Divorce Act and the Family Orders and Agreements Enforcement Assistance Act.

Motion agreed to and bill read third time and passed.

[*English*]

• (1510)

SOMALIA

HUMANITARIAN RELIEF OPERATIONS—INQUIRY—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Murray, P.C. calling the attention of the Senate to the Canadian participation in the multinational effort to establish, as soon as possible, a secure environment for humanitarian relief operations in Somalia.

Hon. John B. Stewart: Honourable senators, earlier in this session I asked Senator Murray if he would say something to the Senate on behalf of the government about the situation in Somalia, particularly about the intention of the Canadian government with regard to participation in the multinational effort to establish a secure environment there. Senator Murray was good enough to make a statement in December 1992.

In the interval, the Standing Senate Committee on Foreign Affairs has presented to the Senate its report on the topic of peacekeeping, a report prepared by a sub-committee of the Foreign Affairs committee. I do not want to say anything specifically about the Somalia situation because, frankly, it is a situation on which I know nothing more than what I read in the newspapers.

What I suggest is that at some convenient time either Senator Murray or one of his colleagues update us on the situation in Somalia. Perhaps that update could deal with questions such as the following:

What progress has been made by the multinational effort to establish the secure environment which was sought? When is it anticipated that the secure environment will have been achieved? What progress is being made to provide humanitarian relief to the people of Somalia?

If that kind of information could be provided to the Senate, it would help to flesh out some of the points and recommendations made by the Foreign Affairs committee in its report on peacekeeping. I am not pressing for that information this week. However, at some time within the next few weeks it would be useful for the Senate to have such an update on what Senator Murray has told us already.

The Hon. the Speaker: If no other senator wishes to speak, this inquiry is considered debated.

Hon. Lowell Murray (Leader of the Government): Honourable senators, since I spoke first, I am not sure I can take the adjournment on this matter. However, we will take the adjournment on this side if there is still some time remaining. I would undertake, either personally or through one of my colleagues, to bring in the information that the Honourable Senator Stewart is seeking.

On motion of Senator Murray, debate adjourned.

[*Translation*]

PRIVILEGES, STANDING RULES AND ORDERS

CONSIDERATION OF THIRD REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the Third Report of the Standing Committee on Privileges, Standing Rules and Orders.

Hon. Normand Grimard: Honourable senators, I move the adoption of this third report.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, will Senator Grimard speak or not? If not, I will adjourn the debate.

Senator Grimard: Senator Molgat, I would add that if you wish to speak, I must be away from the Senate tomorrow afternoon between 3 and 4:15, since I must replace Senator Robertson for the reasons you know. If I am not here, I would appreciate your adjourning the debate until I come back.

Senator Molgat: I will not speak tomorrow because the sitting will be very short. We will meet at 1:30 and hope to adjourn at three o'clock. I will speak on Thursday or next week.

Hon. Royce Frith (Leader of the Opposition): Is it possible that Senator Robertson will wish to speak?

Senator Grimard: Senator Robertson will surely speak on it if she is here.

On motion of Senator Molgat, debate adjourned.

CONSIDERATION OF FOURTH REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the Fourth Report of the Standing Committee on Privileges, Standing Rules and Orders.

Hon. Normand Grimard: Am I to understand that it is the same procedure?

On motion of Senator Molgat, debate adjourned.

MEETING NEW CHALLENGES: CANADA'S RESPONSE TO A NEW GENERATION OF PEACEKEEPING

REPORT OF STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS—ORDER STANDS

On the Order:

> Resuming the debate on the consideration of the Eleventh Report of the Standing Senate Committee on Foreign Affairs (peacekeeping), tabled in the Senate on 25th February, 1993. — (*Honourable Senator Corbin*).

Hon. Eymard Corbin: Honourable senators, I do not intend to take the floor either today or tomorrow, but I know at least one of my colleagues would like to speak on this report later this week. I will gladly yield to Senator Hastings who is anxious to discuss the report later this week. I have already given him permission to do so, but I reserve the right to speak later on.

On motion of Senator Corbin, order stands.

CANADIAN COURT CHALLENGES PROGRAM

LINGUISTIC RIGHTS—DEBATE ADJOURNED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Simard, calling the attention of the Senate to the need for the federal government to retain at least the linguistic component of Canada's Court Challenges Program.—(*Honourable Senator Molgat*).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I may point out that this is the fifteenth day of debate on this issue. I would not like to see this inquiry dropped from the Order Paper. I will therefore say a few words at this point and perhaps someone else will move to adjourn the debate.

I think Senator Simard's proposal is of great importance to francophone communities across the country, with the exception, of course, of Quebec, but I am referring to those in the other provinces. In Manitoba, where francophone groups represent not more than 3 to 5 per cent of the population, according to the definition of who is considered a francophone, without this kind of assistance from the government we would not, in many cases, have been able to stand up for our rights.

If we want to maintain a bilingual system across this country, where small French-language minorities can continue to exist, they will need this support from the federal government.

I know that many others will say that the same applies to other cases where the Secretary of State has provided assistance, and I will not say they are wrong, but I do feel that in this particular area, where language rights are concerned, it is absolutely essential for the government to reinstate this system.

I would ask my colleagues on all sides, especially those on the government side, to apply pressure to have this program restored; otherwise, we will very likely disappear. You already know that even with government help, where we have been able to campaign and go as far as the Supreme Court, we still have difficulties after the Supreme Court has ruled in favour of the French minority. The provinces, which are responsible for acting on these rulings, do not follow through. What do you think would happen if we did not have federal government assistance to take these issues to court?

Honourable senators, I ask you to do all you can to have this program restored for the French-language minorities throughout the country. Without it, in ten or twenty years it will be illusory to say we have a bilingual country where French-speaking minorities can continue to live in enclaves like mine in Manitoba, and with even greater difficulty in Saskatchewan, Alberta and British Columbia. In New Brunswick, with a supportive provincial government, a great deal has been done.

I can assure you that, for us in the other provinces, things are not easy. It is not always due to bad will on the part of the provincial governments, which are subject to all kinds of financial and, of course, political pressures. Since francophones are usually a very small minority, it is very difficult for them to take the necessary action. It is therefore essential for the federal government to maintain this program.

On motion of Senator Corbin, debate adjourned.

The Senate adjourned until Wednesday, March 24, 1993 at 1:30 p.m.

THE SENATE

Wednesday, March 24, 1993

The Senate met at 1:30 p.m., the Speaker *pro tempore* in the Chair.

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the clock shows 126 days today, as of March 24, of those now deathless words, political cowardice and contempt for the democratic process.

TELEFILM CANADA

PROPOSED FILM ON OCTOBER CRISIS

Hon. Philippe Deane Gigantès: Honourable senators, I said in this chamber recently that if I saw killers attempt to assassinate Prime Minister Mulroney, I would intervene to protect him, even at the risk of my life — not because I agreed with him, but because in a democratic society, political assassination is beyond the pale. It is a crime that negates the very essence of democracy itself. The essence of democracy is the replacement of violence by the vote as a means of settling political disputes. That is why I empathized with members of the other place who expressed indignation last week over a cartoon which could have been interpreted as depicting, and even approving of, political assassination.

Therefore I ask, if this cartoon is so offensive, what about the script for the film *Octobre,* which presents the political assassins of Pierre Laporte in 1970 as heroes, and their victim as someone sold to the mafia and who deserved to be killed? This is a film script that smears anglophones and members of the Jewish religion as tyrannical brutes and rapists; it is hate literature financed by taxpayers' money.

The government is responsible for this. In 1988, it appointed Madame Louise Beaudouin as second in command at Telefilm Canada. A talented and dynamic woman, Madame Beaudouin is also a committed separatist.

Senator Frith: Unlike her namesake in this place.

Senator Gigantès: In her three years at Telefilm, she stuffed the place with her political co-religionists, people who are still there and who see nothing wrong with a film that justifies a political assassination in Canada's democratic society. These Tory appointees have financed the writing of a foul script for political rather than artistic reasons.

Because I believe cultural agencies should be protected as much as possible from political intrusion, I ask the government to deal with the political intrusion — the separatist political intrusion — that exists, as we speak, at the very heart of Telefilm.

The government put those separatist foxes in the Telefilm chicken coop. What will the government do about it?

ROUTINE PROCEEDINGS

FACT-FINDING MISSION TO CALIFORNIA

REPORT OF THE ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES COMMITTEE PRESENTED

Hon. Dan Hays, Chairman of the Standing Senate Committee on Energy, the Environment and Natural Resources, presented the following report:

Wednesday, March 24, 1993

The Standing Senate Committee on Energy, the Environment and Natural Resources has the honour to present its

NINTH REPORT

Your Committee, which was authorized by the Senate on April 8, 1992 to engage the services of counsel and other personnel for the purpose of its examination of such bills, subject-matter of bills and estimates as are referred to it and to travel within and outside Canada, now presents its report entitled *Report of the Committee's fact-finding mission to California—February 8-12, 1993.*

Respectfully submitted,

Daniel Hays
Chairman

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

On motion of Senator Hays, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

INTER-PARLIAMENTARY UNION

CONFERENCE ON ENVIRONMENT AND DEVELOPMENT, BRASILIA, BRAZIL—REPORT TABLED

Hon. Dan Hays: Honourable senators, I have the honour to table the report of the Inter-Parliamentary Conference on Environment and Development held in Brasilia, Brazil, between November 23 and 27, 1992.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 250 citizens of the province of Alberta who oppose the GST. These petitions come mainly from Sherwood Park, Edmonton, Leduc, Peace River and Millet.

I also have the honour to present petitions signed by 46 citizens of New Brunswick who oppose the GST. These petitions come mainly from Tracadie, Haut-Sheila, Moncton, Saint John, Kinsgton and Cliffton Royal.

This makes a total of 296 protestors who no doubt no longer lodge their complaints with the present government but with the next which, I am sure, will listen and pay greater attention to them.

[*English*]

QUESTION PERIOD

FOREIGN AFFAIRS

AID TO RUSSIA—STATUS OF PARTICIPATION OF G-7 COUNTRIES

Hon. H. A. Olson: Honourable senators, I want to thank the Leader of the Government for his swift action with respect to the question I asked him yesterday concerning the resumption of wheat shipments to Russia. Within an hour of our discussion here in this chamber, I heard the Prime Minister announce that the government had decided to resume wheat shipments to Russia.

Senator Barootes: It was your suggestion.

Senator Olson: I understand that, and that is why I am so grateful.

Senator Frith: I wish he had listened more when he wasn't a lame duck.

Senator Olson: Now that the Prime Minister has announced that Canada will immediately resume shipments of wheat to Russia, can the Leader of the Government tell us whether the Prime Minister has received any favourable response to his admonition to other countries that had done the same thing — that is, halt shipments — because Russia was behind in paying its debts? Has the Prime Minister received any favourable response to that action?

Hon. Lowell Murray (Leader of the Government): Honourable senators, we continue to believe that the countries of the G-7 will have to do more to help Russia through this period and, indeed, in its longer term adjustment to a democratic political system and market-oriented economic system. In that respect, the Prime Minister has had discussions within the past couple of days with President Clinton, President Mitterand and Chancellor Kohl. These discussions are proceeding on an informal but urgent basis.

• (1340)

Meanwhile, the summit in Vancouver seems still to be going ahead between President Yeltsin and President Clinton.

Senator Olson: As the minister has stated, like the Prime Minister, most Canadians continue to believe that we ought to be responding to those needs. Canada has made a decision to make such a response because of the seriousness of the situation and in case there is political instability arising out of what is happening in Russia.

Have we had any positive indication on this matter from other countries? According to Canada's Prime Minister and many people in Canada, including myself, it is urgent that those needs be met, otherwise there could be very serious difficulties. Have we any indication that the Prime Minister's urgings are meeting with any success?

Senator Murray: First of all, I do want to emphasize today, as I did yesterday, that Canada has been at the forefront in providing assistance unilaterally, next only to Germany and Italy on a per capita basis. We have provided more assistance than any other country to Russia — and indeed to the former Soviet Union.

With regard to the question asked by the honourable senator, I can speak to process rather than substance. A strong indication of the urgency and importance that is attached to this matter by the G-7 countries is the fact that several of them, notably France and Germany, are calling for an emergency meeting of the G-7 heads of government to deal exclusively with the situation in Russia. While it has been determined that it would not be possible to enlarge the Vancouver summit for that purpose, consideration is being given to a summit of the G-7 leaders.

In the meantime, because a meeting of G-7 finance ministers is already planned, there is some thought of having a special meeting on the margins of that gathering to address the Russian situation. I underline the fact, however, that there is a strong sentiment in a number of G-7 countries, including Canada, that this is a matter that must be addressed and resolved by heads of government.

Senator Olson: The minister stated that there is some consideration being given to an early meeting of the G-7 heads of government to deal with this matter. Are there any dates in mind because, in my view, time is of the essence in dealing with this matter.

Senator Murray: I appreciate the point that the honourable senator has made. Some thought was given to expanding the Vancouver summit. That could not be done. It was not felt that doing that would yield practical results. If there is to be an emergency summit on this matter, you can be sure that it will be held as soon as it is practicable to do so. Some preparation, obviously, is required for such gatherings.

RUSSIA—SHIPMENT OF GRAIN THROUGH PORT OF CHURCHILL—FUTURE OF PORT—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is in the same vein as Senator Olson's question, and prompted as well by the statements of the Prime Minister yesterday in the House of Commons when he stated the following on the subject of wheat shipments:

> ...I have had discussions with President Yeltsin about this. The matter is satisfactorily resolved and our expectation is we will be able to proceed.

In mid-February there was a delegation of Russian diplomats and government officials in Manitoba, meeting with the government of Manitoba and with the people of Churchill regarding the shipment of grain through Churchill to the port of Murmansk.

A newspaper story at the time stated, "A delegation of Russian government officials announced yesterday a deal to purchase 500 tonnes of Canadian wheat, as they signed an agreement with Manitoba to develop stronger trading ties through Churchill to the Russian ports."

We have had discussions previously here about the future of the port of Churchill; indeed, the government made some commitments last year to extend the life of Churchill for an additional year, at which point they were to review the situation.

My question to the minister is this: Will the government support the province of Manitoba, the port of Churchill and the people of Churchill in this endeavour, now that the government has agreed to recommence shipping grain to Russia? Moreover, has the government completed its further studies on the future of the port of Churchill?

Hon. Lowell Murray (Leader of the Government): Honourable senators, there are two questions there. I shall have to ask for a report from cabinet colleagues on the matter.

MEXICO—DEMOCRATIC REFORM AS BASIS OF ECONOMIC RELATIONS—GOVERNMENT POSITION

Hon. Peter A. Stollery: Honourable senators, my question is to the Leader of the Government, and it revolves around the fact that the Prime Minister's support for Boris Yeltsin is given on the basis that Yeltsin is helping to bring democracy to Russia. In fact, one of the conditions of aid to Russia is that democratic reform will continue.

With that in mind, how does the government explain that it is prepared to enter into a free trade deal with Mexico without mentioning democratic development? Is that not simply condoning that dictatorship?

Hon. Lowell Murray (Leader of the Government): The honourable senator has posed a truly rhetorical question, and I might say it is not very helpful to good international relations for the honourable senator to describe Mexico as simply a dictatorship.

Senator Stollery: Honourable senators, I am a little taken aback by the uninformed response of the Leader of the Government. Is he unaware that the PRI, the governing party of Mexico, the political dictatorship that was imposed in 1929 and which is still there, has never allowed free political development in Mexico? Is he unaware that in fact a member of Parliament of Mexico has been accepted by Canada as a political refugee because of acts of violence committed against him in Mexico? Is the Leader of the Government actually unaware of the modern history of Mexico?

Senator Murray: No, honourable senators, I am not, nor am I unaware of the efforts that, among others, the Government of Canada has made, with some success, to encourage greater respect for human rights and democratic freedoms in that country. Further to that, we continue to believe that the negotiation of a free trade agreement between ourselves, the Americans and the Mexicans will have the desired effect of promoting democratic reforms in that country.

However, for the honourable senator to suggest that it is somehow inimical to democratic reform or human rights in that country for us to pursue a free trade agreement with them is quite wrong, and it does not correspond to our policy. As a matter of course, he will have an opportunity before long to advocate tearing up that agreement, just as he advocated tearing up the previous free trade agreement.

Senator Stollery: Honourable senators, I really am astounded, as I am sure the country would be if they heard the response of the Leader of the Government, at his total ignorance of the political situation in Mexico.

Is he unaware, for example, that in January the assistant to the Minister of the Interior and chief of the secret police was made Chief Electoral Officer of Mexico for the upcoming presidential elections? Is he unaware of that? Has the government of Canada made any statement or observation about that?

Hon. Royce Frith (Leader of the Opposition): It will all change when we have an agreement with them. They will all resign, you see. We all have human rights once we have a free trade agreement.

Senator Murray: Honourable senators, I am glad to have it on record that honourable senators opposite are opposed to the NAFTA and will indeed be —

Senator Frith: That has nothing to do with the question.

Senator Murray: — advocating that it, too, be torn up.

• (1350)

Senator Frith: Obviously you got to him, Senator Stollery, because he is not answering your question at all. He is making a speech. Our position is very clear. We think that it should be renegotiated. If you are talking about our policy, get it right for once. It is that there must be changes in the areas of labour adjustment and the environment. All of the things that President Clinton wants are things we think should happen, too.

Senator Murray: Otherwise they will tear up the agreement, is that it?

Senator Frith: If the Americans have that feeling, it might be necessary.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Wait until we have the debate on NAFTA. You will find out then what our position is. Meanwhile, answer the question as requested.

Senator Murray: I certainly look forward to a debate on NAFTA, both here and in the other place, so we can find out who speaks for the Liberal Party on this matter. If we have it in time, we may even have it before honourable senators succeed in getting rid of their leader.

Senator Frith: Is there a possibility that, in the meantime, Mr. Wilson and the lame duck — or maybe "lame chicken" is a better word — Prime Minister will get together and decide what they will do about NAFTA? It does not seem as though we can get a consistent answer here.

Can we take it that, when the debate on NAFTA starts, the answer given today by the Leader of the Government, namely, that NAFTA will produce a solution to the human rights problems raised by Senator Stollery, will be repeated? Is one of the aims of NAFTA the solving of these human rights problems?

Senator Murray: Honourable senators, I have no hesitation in saying that there is a very close relationship between a freer market economy and a freer political regime. History has proven that. I have no hesitation in saying that at all.

Senator Frith: Do you think the Chief of Police will resign as the Chief Electoral Officer, once we have NAFTA?

Senator Murray: Further, I stand by my statement that Canada has made considerable effort, and continues to make efforts, with some success to promote an improved human rights situation and democratic reforms in that country. We continue to work on that. The best way to work on that is through the aegis of closer economic and other ties with that country. That is one of the objectives of closer economic ties, as it has been in Europe.

Senator Stollery: Honourable senators, as I said before, I think people would be stunned by the ignorance of the Leader of the Government on this subject, considering that he is defending a government which is about to enter into a profound trade relationship with Mexico.

What have the results been of these so-called attempts by Canada to assist democratic government in Mexico? I will not embarrass the leader by asking for a response to that question, since I know he will not know what they were or if, in fact, they had any result. However, I would like to know this, and it goes back to my original question: Are we not condoning that dictatorship?

I think at this point, the Leader of the Government has changed his mind in the course of these few, very short questions. He now sees that it may well be a dictatorship, in light of the fact that there has not been a fair election in that country since 1929.

Does the Leader of the Government in the Senate not think that the PRI will use the approval of the free trade agreement — if it is approved — as support for its dictatorship?

Senator Murray: No, honourable senators.

BUSINESS OF THE SENATE

TIMETABLE FOR DEALING WITH LEGISLATION CONCERNING NAFTA

Hon. John B. Stewart: Honourable senators, yesterday, I asked the Leader of the Government in the Senate a question concerning the government's intention with regard to the main appropriation bill. In reply, he said, in part:

> As for the plans of the government after the convention in mid-June, the calendar of the House of Commons still provides that that House would sit until about June 23, if I am not mistaken. There has been no change

in that schedule. A new Prime Minister would have various options, including prorogation and dissolution.

Is it the intention of the government to proceed to Royal Assent on the bill to give legislative effect to the NAFTA prior to the Progressive Conservative leadership convention?

Hon. Lowell Murray (Leader of the Government): Honourable senators, again my honourable friend is getting very considerably ahead of himself in asking about Royal Assent for a bill that has just been tabled in the House of Commons.

However, it gives me the opportunity to say, in response to the comment of the Leader of the Opposition a few moments ago to the effect that the government does not know what to do with NAFTA, that the bill has been tabled in the House of Commons. We will be proceeding to second reading of that bill and referral to committee in a short time.

Indeed, as I suggested earlier, and I intend to consult colleagues on this side about the matter, in order to expedite the process I should like at least to consider the prospect of a pre-study of that bill in this place.

Senator Stewart: The suggestion for a pre-study seems to imply that the bill will be carried forward to Royal Assent in this session. Does the Leader of the Government intend to convey that impression?

Senator Murray: Honourable senators, we do not bring legislation in unless we intend to see that legislation through to Royal Assent in the session in which it is presented. Our intention at the moment is to see the legislation through.

NORTH AMERICAN FREE TRADE AGREEMENT

SOLICITATION OF CANADIAN BUSINESS TO RELOCATE IN MEXICO—GOVERNMENT POSITION

Hon. Raymond J. Perrault: Honourable senators, is the Leader of the Government in the Senate aware of the fact that a Mr. Goncalves, who is said to be operating out of an office in Toronto, is actively soliciting Canadian businesses and attempting to entice them to relocate in Mexico? His main sales argument is, "Save $35,000 a year on your direct employee costs by moving to friendly, happy Mexico, where the workers demand far fewer social benefits."

Is the Leader of the Government in the Senate aware of the fact that reports have been filtering out of that country into Canada that women textile workers have had their wages reduced to 40 cents an hour in recent months? Is NAFTA the kind of economic alliance that will really enhance human rights either in Canada or in Mexico?

Hon. Lowell Murray (Leader of the Government): Honourable senators, there are two or three questions involved there. If our experience with the FTA is any illustration of what will happen with NAFTA, there will be a very large increase in investment in Canada as a result.

Senator Frith: And a loss of jobs.

Senator Perrault: Honourable senators, I would ask the Leader of the Government to provide specific replies to the questions I have asked, and to spare us this fobbing-off routine which he is so fond of pursuing.

Senator Frith: It is not a bad answer. He told us that we would have the same loss of jobs and the same downturn in the economy with NAFTA as we have had with the FTA.

THE ECONOMY

MUNICIPALITIES—EFFECT OF FEDERAL FREEZE ON GRANTS IN LIEU OF TAXES

Hon. Peter Bosa: Honourable senators, I wish to thank the Leader of the Government in the Senate for answering a question I put to him on February 23 relating to grants in lieu of taxes to municipalities. He was kind enough to provide us with some statistical information showing the increases in grants that took place from 1986 to 1993.

Could he now ask his officials whether those grants correspond to the assessment of the buildings and properties that the federal government owns? As you know, the mill rate for municipal taxes is based on the total assessment of properties. That would be a vast calculation to make, but it would serve the purpose if the calculation were confined to the assessment of just the Pearson International Airport and one or two other buildings in the City of Toronto that would show us whether these grants are equal to the total of the mill rate times the assessment of those properties.

• (1400)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would have to make inquiries about that. I rather doubt that those payments made by the government in lieu of taxes are based on municipal assessments.

COMMUNICATIONS

FUTURE OF CANADIAN MAGAZINE INDUSTRY—REQUEST FOR INFORMATION

Hon. Keith Davey: I would ask the Leader of the Government again about the situation with *Sports Illustrated*. As I am sure the Leader is aware, Time Life is trying to persuade Canadians that *Sports Illustrated* is a Canadian publication. It is not, of course. It is an American publication.

The matter has been going on week after week. Can you give us the current state of play, because I think the time is at hand when Time Life will probably make a decision on its own. Can you inform us of precisely where we stand?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am hoping that some announcement

will be made on that matter by the Minister of National Revenue and/or the Minister of Communications over the next little while. The problem is that, while the intent of that particular tariff code item is quite clear, the technology has evolved considerably. There is a question — on which we are taking legal advice — as to whether the tariff covers what Time/Sports Illustrated propose to do. It is more complex than a matter of trying to persuade the government that they are a Canadian magazine. Because of the technology involved, they are asserting that the country of origin of the publication is Canada.

Senator Davey: I wonder if the Government Leader would tell me what he means by "the next little while". I am not trying to be a smart alec. You have said that for several weeks. What do you mean by "the next little while?"

Senator Murray: I am always reluctant to set out firm dates, but I think you have heard me say before that it is a matter of days rather than weeks. The Minister of Communications is out of town at the moment. I hope to have an opportunity to speak with him about this matter today by telephone, if possible.

Senator Davey: Is it possible that Time Life will simply, of its own volition, go ahead and bring in the so-called Canadian edition of *Sports Illustrated* within the next week or so? The time is running out.

Senator Murray: The short answer to that question is yes. Normally, we make our decisions on these matters after the first issue of the publication in question appears.

Senator Davey: Do you have any idea of when that first edition will be coming out? Is it possible that it will be next week?

Senator Murray: I am sorry, honourable senators, I do not have any information on that.

GOVERNMENT EXPENDITURES RESTRAINT BILL, 1993 NO. 2

REQUEST FOR POLLING RESULTS

Hon. Gildas Molgat (Deputy Leader of the Opposition): Honourable senators, in view of the fact that we are likely to receive Bill C-113 very shortly, a bill which will affect unemployment insurance policy, would the minister assist us by giving us the polls that the government has been conducting on the UI proposals so that we will be better informed and better able to discuss the bill when it arrives?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I believe there was a request under the Access to Information Act and those polls are in the public domain now and have been for some weeks. I will be glad to try to obtain them and furnish them to the honourable senator in the hope that they will assist him to make up his mind on the bill.

Senator Molgat: I am very encouraged by the minister's answer. I look forward to that. However, he only referred to those which have been so far released under the Information Act. I understand that there are also some others. While I gladly accept those he has offered, could he also obtain for us the others which have not yet been released?

Senator Murray: Honourable senators, I am not sure it is accurate to say that there have been others taken by the government on this matter.

Senator Molgat: Would my honourable friend check whether there were others taken, and provide whatever details he can give us about them?

Senator Murray: I will certainly inquire into the status of any such research.

NOVA SCOTIA

DEVELOPMENT OF COAL MINE IN PICTOU COUNTY— FEDERAL LOAN GUARANTEE

Hon. John B. Stewart: Honourable senators, I understand that the government has had to make good on its loan guarantee of some $80 million to Curragh Resources for the development of the coal mine in Pictou County, Nova Scotia. What steps has the government of Canada taken to assure that any recovery that can be made on behalf of the Canadian taxpayer will indeed be made?

Hon. Lowell Murray (Leader of the Government): Honourable senators, judging from the statement he has just made, I am not sure that my friend is well informed on this matter. No decision has been made by the government so far as I am aware, subject always to correction.

Senator Stewart: For clarification, may I ask whether you mean that there has been no decision as to fulfilling the conditions of the guarantee or taking steps to make recoveries subsequent to the fulfilment of the guarantee?

Senator Murray: I think the first question is still under consideration by the government. My friend shakes his head, so his information is more up to date than mine.

Senator Stewart: I think that the Estimates just tabled, the current final Supplementaries, show that the money has, in fact, been paid to the bank. If that is indeed the case, then I would repeat the second part of my question.

Senator Murray: I shall make inquiries.

YUGOSLAVIA

CANADIAN PEACEKEEPING TROOPS—ESTABLISHMENT OF COMMUNICATIONS SYSTEM

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): When our Canadian troops were sent to Yugoslavia, I believe it was announced that a communications system

would be established to enable the troops to phone their families at fairly frequent intervals. I do not have the announcement here, but could my friend find out the details of any arrangement for those troops to communicate with their families and advise us how it is working.

Hon. Lowell Murray (Leader of the Government): I shall do so, honourable senators.

[*Translation*]

ORDERS OF THE DAY

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CONSIDERATION OF THIRTY-FIRST REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the thirty-first report of the Standing Committee on Internal Economy, Budgets and Administration (Senators' secretaries annual leave), presented in the Senate on March 23, 1993.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move the adoption of the thirty-first report of the Standing Committee on Internal Economy, Budgets and Administration.

[*English*]

• (1420)

Hon. Royce Frith (Leader of the Opposition): Does the chairman of the committee intend to say anything about the report?

Senator Lynch-Staunton: It is to resolve the question of the secretaries' annual leave.

Senator Frith: Yes, I know.

[*Translation*]

Senator Lavoie-Roux: I understand that the honourable senator would want some explanations regarding that report.

Senator Frith: It is not that I want some explanations; I am just asking you if you will give us some explanations.

Senator Lavoie-Roux: The report is self-explanatory. If you want more details, I will be glad to answer your questions.

Hon. Eymard G. Corbin: Honourable senators, I have a question for the chairman of the committee. In clause 2 of the report, you say:

[Senator Molgat]

> Effective immediately, the Senate will not be responsible for the leave accumulated in outside institutions by new secretaries of Senators.

What does that mean?

Senator Lavoie-Roux: Historically, staff members who, for example, had worked for the House of Commons and had accumulated leave there could transfer that leave to the Senate. That will no longer be possible.

We will ask the House of Commons, or any other institution involved, to take their responsibilities towards the employee who is coming to work for the Senate.

Senator Corbin: I suppose what this clause means is that, if a person coming to us from the House of Commons has accumulated leave, the House of Commons will be responsible for paying out that leave and not the Senate. That is what this clause means, is it not?

Senator Lavoie-Roux: It is exactly what this clause is all about. The House of Commons will have to pay any compensation required in the case of an employee transferred to the Senate.

On motion of Senator Molgat, debate adjourned.

[*English*]

PRIVILEGES, STANDING RULES AND ORDERS

CONSIDERATION OF THIRD REPORT—ORDER STANDS

On the Order:

> Resuming the debate on the consideration of the third report of the Standing Committee on Privileges, Standing Rules and Orders (amendments to the *Rules of the Senate*), presented in the Senate on 4th March 1993.—*(Honourable Senator Molgat).*

Hon. Jack Marshall: Will Senator Molgat answer a question? Sometimes when a report is tabled, a response is requested from the government, and we do not have that authorization within our rules. Is that still taken into consideration? It has been mentioned on a number of occasions that that matter would be examined by the Standing Committee on Privileges, Standing Rules and Orders.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have no objections to answering the question, but I am no longer the chairman of that committee. Senator Robertson is now the chairman, and Senator Grimard was acting in her stead yesterday. I do not believe it is for me to answer, but I have no objection to doing so.

Senator Frith: Why not bring it up in debate?

Hon. Lowell Murray (Leader of the Government): Honourable senators, there is some difference between this

place and the other place in that the other place is the confidence chamber, but even there, when the House of Commons passed resolutions calling upon the government to reply to a committee report within a certain deadline, the then Leader of the Government of the House of Commons, our friend Senator MacEachen, took the position, and properly so, that the government could not be bound by such a resolution. However here, as there, we certainly give very respectful attention to any such resolution on the part of the chamber.

Order stands.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

CONSIDERATION OF REPORT OF SUB-COMMITTEE ON VETERANS AFFAIRS—ORDER STANDS

On the Order:

> Resuming the debate on the consideration of the fourteenth report of the Standing Senate Committee on Social Affairs, Science and Technology (*The Valour and the Horror*), tabled in the Senate on 25th January, 1993.—*(Honourable Senator Marshall).*

Hon. Royce Frith (Leader of the Opposition): Senator Marshall seems to be making his comments on the report on *The Valour and the Horror* in instalments. Would he have any objection to any of us intervening before he finishes?

Hon. Jack Marshall: I would have no objection.

Order stands.

THE ESTIMATES, 1993-94

CHANGE OF COMMITTEE DESIGNATED TO CONSIDER VETERANS AFFAIRS VOTES

Hon. Jack Marshall, pursuant to notice of March 3, 1993, moved:

> THAT Veterans Affairs Votes 1, 5, 10, 15 and 20 of the 1993-94 Estimates, which were referred to the Standing Senate Committee on National Finance on February 25, 1993, be withdrawn from the said committee and referred to the Standing Senate Committee on Social Affairs, Science and Technology.

Motion agreed to.

MOTION TO CHANGE COMMITTEE DESIGNATED TO CONSIDER CERTAIN COMMUNICATIONS VOTES—DEBATE ADJOURNED

Hon. Jack Marshall, pursuant to notice of March 3, 1993, moved:

> THAT Communications Votes 35, 40, 45 (Canadian Broadcasting Corporation), Vote 80 (National Film Board), and Vote 65 (CRTC), wherein the said votes deal with the series of films *The Valour and the Horror*, of the 1993-94 Estimates, which were referred to the Standing Senate Committee on National Finance on February 25, 1993, be withdrawn from the said Committee and referred to the Standing Senate committee on Social Affairs, Science and Technology.

• (1430)

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I understand that my honourable friend intends to adjourn the debate on this motion. I have no objection to that at all. However, perhaps Senator Marshall can tell us whether he intends to speak and tell us what it is that he wants to do, so that we know what the proposal is, and the reasons for it.

Hon. Jack Marshall: Honourable senators, my main purpose in moving the motion is to attempt to get the CBC, the CRTC and the National Film Board to appear before the committee. They have refused to answer or respond to numerous invitations to appear before the Veterans Affairs committee since that committee undertook its examination of *The Valour and the Horror.* This is an affront to Parliament, and to the Senate of Canada.

In addition, as reported on numerous occasions in the media, the President of the Canadian Broadcasting Corporation has made the outright statement that at no time did he say he would appear before the committee. This statement is incorrect. It is wrong; it is not factual; it is not the truth.

It is time that someone examined the attitude of Crown corporations that they are bigger than Parliament. We should bring these corporations before the Senate of Canada and the Committee of the Whole. The Standing Senate Committee on Social Affairs, Science and Technology should be given the privilege of making a decision on the votes to which I refer in my motion in the Orders of the Day.

On motion of Senator Lynch-Staunton, debate adjourned.

[*Translation*]

BANKING, TRADE AND COMMERCE

SPECIAL STUDY ON DRAFT REGULATIONS—COMMITTEE AUTHORIZED TO CHANGE DATE OF PRESENTATION OF FINAL REPORT

Hon. Jean-Marie Poitras, pursuant to his notice of Tuesday, March 23, 1993, moved:

> That notwithstanding the orders of reference adopted by the Senate on December 17, 1991, June 23, 1992, September 11, 1992 and December 14, 1992, the Standing Senate Committee on Banking, Trade and Commerce be authorized to present the final report on the special study on draft regulations ensuing from the new legisla-

tion on Canadian financial institutions, no later than June 30, 1993.

Hon. Royce Frith (Leader of the Opposition): Could Senator Poitras give us the reasons for this motion?

Senator Poitras: It is a matter of studying some regulations to be issued by the Minister of Finance on the Insurance and Bank Act. It particularly concerns the regulations on the confidentiality of financial institutions in their dealings with customers. The regulations have not yet been issued. They are waiting for our report to be complete.

A little later, we will receive testimony from those who are preparing the legislation on the common market. I believe that it is in the public interest, for the government and everyone, for us to hear them because we must harmonize our laws if our companies want to do business internationally. That is the main reason.

Senator Frith: That testimony was, in fact, not anticipated.

Motion agreed to.

SPECIAL STUDY ON INSURANCE CORPORATIONS—COMMITTEE AUTHORIZED TO CHANGE DATE OF PRESENTATION OF FINAL REPORT

Hon. Jean-Marie Poitras, pursuant to his notice of Tuesday, March 23, 1993, moved:

That notwithstanding the orders of reference adopted by the Senate on December 17, 1991, September 11, 1992 and December 14, 1992, the Standing Senate Committee on Banking, Trade and Commerce be authorized to present the final report on the special study on the Canadian Deposit Insurance Corporation, the Canadian Life and Health Insurance Compensation Corporation and the Property and Casualty Insurance Compensation Corporation, no later than June 30, 1993.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, do the same reasons apply here?

Senator Poitras: No. This is another special study further to the one on financial institutions and concerns the Canadian Insurance Corporation. We still have to consider other items and we have not finished.

Senator Frith: So you have to hear more testimony and the committee is not ready to make its report. Thank you.

Motion agreed to.

The Senate adjourned until Thursday, March 25, 1993 at 2 p.m.

THE SENATE

Thursday, March 25, 1993

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

Prayers.

DISTINGUISHED VISITORS IN GALLERY

PRESIDENT OF EUROPEAN PARLIAMENT AND DELEGATION

The Hon. the Speaker *pro tempore*: Honourable senators, I am pleased to welcome to the gallery of the Senate His Excellency Dr. Egon Klepsch, who is President of the European Parliament. He and his delegation are cordially welcomed by all honourable senators.

Hon. Senators: Hear, hear.

SENATORS' STATEMENTS

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, as of today, the clock shows that there are 127 days without an election being called.

GREECE

ONE HUNDRED AND SEVENTY-SECOND ANNIVERSARY OF COMMENCEMENT OF WAR OF INDEPENDENCE

Hon. Philippe Deane Gigantès: Honourable senators, on behalf of Senator Barootes and all the wonderful Canadians of Greek descent, other than Senator Barootes and myself who are not so wonderful, I should like to speak on this Greek National Day. It is the anniversary of the beginning of the Greek War of Liberation, which started in 1821.

The Greek flag, a church flag, which is a white cross on a blue background, was raised by Monsignor Germanos, and the leaders of the Greek liberation movement swore to be free or to die. Many of them did die.

On this occasion, I should like to express my pride at the fact that Canada and Greece have always been on the same side in all the great wars of this century. Canada is admired in Greece and the relationship between the two countries has always been good, and the welcome that Canada has given to immigrants from Greece has been something that all of us appreciate. We have not found in this place a lack of acceptance. We have been allowed to prosper and our children to grow. For this, not only the Greeks here but the Greeks in Greece hold Canada in high esteem.

On this occasion, I should like to speak a few words of Greek. They are the words of the poet of the Greek War of Independence and concern one of the Greek islands in the Aegean, an island that was very heroic in fighting against the Turkish fleet. The island fell. The Turks totally devastated it and the poet Solomos spoke the following words:

(*Translated from the Greek*)

> On Psaru's blackened spine,
> Glory alone and cryin',
> Remembered the brave who'd fallen,
> And held charred weeds,
> Their only wreath.

Hon. Efstathios William Barootes: Honourable senators, may I take this opportunity to align myself with and endorse the very fine words of my fellow senator on the other side.

May I also add that this is a day of rejoicing for all Canadians of Greek roots as well as for those who honour freedom and democracy. It is not the least of coincidences that this day, as we speak of freedom and democracy, was chosen to be the day for the announcement of Kim Campbell's campaign for the leadership of our party.

Some Hon. Senators: Hear, hear.

Senator Frith: I take it she has the support of one of the Senate's leading bootleggers of partisan politics.

Senator Barootes: She offers independence, which is what she is showing today.

PRINCE EDWARD ISLAND

CRADLE OF CONFEDERATION

Hon. M. Lorne Bonnell: Honourable senators, we have had so many senators speaking from their seats today that it is difficult for some distinguished senators to be recognised by the Chair even standing up.

Senator Frith: "Point well taken," he said from his seat.

Senator Bonnell: Honourable senators, I was pleased to read in today's *Toronto Star* that one of the potential leaders of the great Conservative Party of Canada, a gentleman by the name of Garth Turner, is coming to Prince Edward Island on April 7 to apologize for suggesting that the province be abolished as such, and that it have no provincial government at all.

It is unthinkable that anyone aspiring to be Prime Minister of this country could forget that Prince Edward Island is where the nation was born, where Confederation was planned, and where the table still stands to commemorate that great event. This great Tory now suggests that the province have no provincial government. In fact, he is probably even suggesting that it be towed out to sea and sunk, just like another Tory suggested should happen to Newfoundland. Yet another Tory from British Columbia by the name of Dr. Stan Wilbee has also suggested that Prince Edward Island should cease to have any provincial government.

The fact that such people, who are aspiring to lead the government of this country, are, at the same time, making statements like that concerning one of their sister provinces is beyond the comprehension of Prince Edward Islanders. I am telling you that if this gentleman comes to Prince Edward Island, and if I have an opportunity to see him, I will let him know firsthand what I think of his statements about my province.

I want all of my colleagues on the other side to know and to remember that, when they are arranging to pick a new leader for their party, I am asking them to forget the man who wants to destroy Prince Edward Island, Garth Turner.

QUESTION OF PRIVILEGE

Hon. Philippe Deane Gigantès: On a question of privilege, honourable senators, I do not want to be associated in any way with the remark of Senator Barootes in which he tried to connect the Minister of Defence with the Greek war of liberation. There may be Greeks who are sufficiently out of their minds to support a Tory, but I am not one of them.

The Hon. the Speaker *pro tempore*: I should point out that if the honourable senator wishes to pursue a point of privilege, the time to do so is after Routine Proceedings.

[*Translation*]

ROUTINE PROCEEDINGS

STATUTE LAW AMENDMENT PROPOSALS

REPORT OF COMMITTEE PRESENTED

Hon. Gérald-A. Beaudoin, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Thursday, March 25, 1993

The Standing Senate Committee on Legal and Constitutional affairs has the honour to present its

TWENTY-EIGHTH REPORT

Your Committee, to which was referred the document entitled "Proposals to correct certain anomalies, inconsistencies, archaisms and errors in the Statutes of Canada, to deal with other matters of a non-controversial and uncomplicated nature in those Statutes and to repeal certain provisions of those Statutes that have expired or lapsed or otherwise ceased to have effect" ("the Proposals"), has, in obedience to the Order of Reference of Thursday, March 4, 1993, examined said Proposals and now reports the same with the following comments.

The Proposals for a Miscellaneous Statute Law Amendment Act are published by the Department of Justice and studied by the House of Commons Standing Committee on Justice and the Solicitor General and your Committee prior to a bill being published or introduced. If any member of either Committee objects to a particular proposal, it is withdrawn.

Members of your Committee objected to only one provision. Clause 70(3) is an amendment to the Federal Court Act, and would add assessors under the Emergency Act and assessors under the Energy Supplies Emergency Act to section 28(1) of the Federal Court Act, as tribunals whose decisions are reviewed directly by the Federal Court of Appeal rather than the Trial Division. Members of your Committee feel that the issue of which tribunals can bypass the Trial Division on appeal is potentially controversial and should not be dealt with by this process.

Your Committee would like to note that they in no way disagreed with the policy underlying Clause 70(3). They felt, however, that the Miscellaneous Statute Law Amendment process was not the appropriate mechanism for such a substantive amendment requiring a policy decision. However, consistent with this Committee's report on the previous set of Proposals, dated February 28, 1991, your Committee would like to suggest that a process similar to the Miscellaneous Statute Law Amendment process be introduced to take care of a limited number of amendments to various statutes that are more substantive than those contained in these Proposals, but which could be dealt with in a more expeditious manner than waiting for the revision of a statute.

Finally, your Committee would like to commend the Department of Justice for implementing recommendations made by your Committee in our report on the previous set of proposals. The use of Schedules has been not only reduced but eliminated, and the explanatory notes give more information. These changes are crucial to the ability of your Committee to properly assess the nature of these Proposals.

Respectfully submitted,

Gérald-A. Beaudoin
Chairman

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

On motion of Senator Beaudoin, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

• (1410)

BUDGET IMPLEMENTATION (FISCAL MEASURES) BILL, 1992

REPORT OF COMMITTEE

Hon. H.A. Olson, Chairman of the Standing Senate Committee on National Finance, presented the following report:

Thursday, March 25, 1993

The Standing Senate Committee on National Finance has the honour to present its

NINETEENTH REPORT

Your Committee, to which was referred Bill C-76, "An Act to amend certain statutes to implement certain fiscal provisions of the budget tabled in Parliament on February 25, 1992", has, in obedience to the Order of Reference of Tuesday, March 2, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

H.A. (Bud) OLSON, P.C.
Chairman

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

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

FOREIGN AFFAIRS

REPORT OF COMMITTEE ADOPTED

Hon. John B. Stewart, Chairman of the Standing Senate Committee on Foreign Affairs, presented the following report:

Thursday, March 25, 1993

The Standing Senate Committee on Foreign Affairs has the honour to present its

TWELFTH REPORT

Your Committee, which was authorized by the Senate on Thursday, November 21, 1991, to examine and report on negotiations for a North American free trade agreement among Canada, the United States and Mexico and any other related trade developments, respectfully requests that the date of presenting its final report be extended from March 31, 1993 to no later than October 29, 1993.

Respectfully submitted,

JOHN B. STEWART
Chairman

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

Senator Stewart: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*g*), I move that this report be taken into consideration now, and I am prepared to explain why we should deal with it now.

The report simply asks the Senate to extend the expiry date for our reference dealing with trade matters to October 29, 1993. The present expiry date for our reference is March 31, 1993.

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

Hon. Senators: Agreed.

Senator Stewart: I move that the report be now adopted.

Motion agreed to and report adopted.

REPORT OF COMMITTEE ADOPTED

Hon. John B. Stewart, Chairman of the Standing Senate Committee on Foreign Affairs, presented the following report:

Thursday, March 25, 1993

The Standing Senate Committee on Foreign Affairs has the honour to present its

THIRTEENTH REPORT

Your Committee, which was authorized by the Senate on Tuesday, February 18, 1992, to hear evidence and to examine and report on matters relating to national security and defence and the future roles of Canada's armed

forces, respectfully requests that the date of presenting its final report be extended from March 31, 1993 to no later than October 29, 1993.

Respectfully submitted,

JOHN B. STEWART
Chairman

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

Senator Stewart: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*g*), I move that this report be taken into consideration now. The same argument applies in the case of this report as in the case of the twelfth report.

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

Hon. Senators: Agreed.

Senator Stewart: I move that the report be now adopted.

Motion agreed to and report adopted.

[*Translation*]

BANKING, TRADE AND COMMERCE

SPECIAL STUDY ON DRAFT REGULATIONS—REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Jean-Marie Poitras: Honourable senators, I have the honour to present the twenty-fifth report of the Standing Senate Committee on Banking, Trade and Commerce.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day and form part of the permanent records of this house.

The Hon. the Speaker *pro tempore*: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report, see today's* Minutes of Proceedings of the Senate.)

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

On motion of Senator Poitras, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

BUSINESS OF THE SENATE

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

THAT when the Senate adjourns today, it do stand adjourned until Monday next, March 29, 1993 at 8 o'clock in the evening.

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

Hon. Senators: Agreed.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, for the benefit of all honourable senators, perhaps the Deputy Leader would give us an idea of the order of business for next week.

Senator Lynch-Staunton: Today we will begin second reading on five bills. Next week we will debate Bill C-113 and Bill C-76, so we have a full week ahead of us. I think we can assume that we will be sitting Friday morning as well as Monday night.

Motion agreed to.

GOVERNMENT EXPENDITURES RESTRAINT BILL, 1993 NO. 2

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-113, to provide for government expenditure restraint.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Monday next, March 29, 1993.

• (1420)

INTER-PARLIAMENTARY UNION

CONFERENCE ON ENVIRONMENT AND DEVELOPMENT, BRASILIA, BRAZIL—NOTICE OF INQUIRY

Hon. Dan Hays: Honourable senators, I give notice that on Monday next, March 29, 1993, I will call the attention of the

Senate to the Inter-Parliamentary Conference on Environment and Development held at Brasilia, Brazil, from November 23 to 27, 1992.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 100 citizens of the province of Quebec who oppose the goods and services tax. These petitions come mainly from Jonquière, St-Ambroise, Rouyn-Noranda, Vassan, Barraute and Amos.

Honourable senators, I have the honour to present petitions signed by 38 citizens of the province of New-Brunswick who oppose the Goods and services tax. These petitions come mainly from Néguac, Tracadie, Sainte-Rose, Haut-Sheila and Bas-Caraquet. These petitions were signed less than two months ago, in January, 1993.

All told, 138 citizens have signed petitions because they are increasingly exasperated by this backwards and unfair tax which hits hardest those who can least afford it.

[*English*]

QUESTION PERIOD

NORTH AMERICAN FREE TRADE AGREEMENT

PROGRESS OF LEGISLATION—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. In today's *Financial Post*, Mr. Perot of the United States describes NAFTA as a "camel about to die" and predicts that it will not get through Congress. I do not know if that is true. I am not adopting what he said; I am using it as a bit of colour, as they say. Yesterday, the Leader of the Government said in this house that the government intended to give the NAFTA legislation Royal Assent before the end of the current session and that he was considering asking the Senate to pre-study the bill. I take it that, since he used it in virtually the same sentence, he wanted to ask the Senate to so do in order to speed it through, or fast-track it, as they call it in the U.S.

The impression one gets from the leader's comments is that we have our foot on the throttle here while they seem to be touching the brakes in the United States. Is it the intention of the government to push this bill through Parliament without regard to what is happening in the United States, or are the views of the American and the Mexican governments and their legislators a part of the context in which this government wants to push NAFTA through Parliament?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not accept the Honourable the Leader of the Opposition's description of the government's intentions in this regard as being accurate. It is not a question of our "pushing the bill through Parliament". The indication I gave yesterday to our colleague Senator Stewart in answer to a question on this matter was that we do not present legislation to Parliament unless we expect it to receive Royal Assent during the same session. It is on that assumption that I think all of us should operate.

With regard to the situation in the United States and Mexico, the honourable senator will be aware that President Clinton, encouraged by members of the U.S. Congress, is attempting to have negotiated two or three side deals, as they are called, or supplementary —

Senator Thériault: Parallel accords.

Senator Murray: Parallel accords; I thank my honourable friend. That is a concept that will be familiar to honourable senators. They are supplementary agreements relating in particular to labour and to the environment. I think it should be emphasized, however, that the operating assumption of the three governments involved is, first, that NAFTA will not be reopened; second, it will be ready for implementation on January 1, 1994. President Clinton himself has expressed his entire confidence that that will be the case. It is not a question of our rushing the bill through Parliament; not at all. However, if we are to be ready for January 1, 1994, and in view of other events that may transpire, I am sure it is prudent for the government in the House of Commons to do what it is doing, which is to proceed with second reading and referral to committee.

• (1430)

Although I have yet to consult my own colleagues on the matter, and intend to do so, it might be worth our while to pre-study the bill so that we would have ample opportunity to consider the bill in all its complexity.

Senator Frith: Does the government have any information that might help Parliament, in particular the Senate, assess NAFTA's prospects with the U.S. administration and Congress?

Senator Murray: Honourable senators, one would have to try to make an assessment of both congressional and public opinion in the United States on that matter, and I am reluctant to do so. It might be an exaggeration to say that the process is being driven by Congress, but it is clear that the undertaking given by President Clinton, when he was still a candidate for the presidency, was strongly influenced by the demands of congressmen and senators from some states for parallel accords relating to the environment and labour.

I may say that Canada, at the table a long time ago, proposed a North American commission on the environment, for

example. In view of our relatively higher standards and enforcement on both environmental and labour matters in this country, we have nothing to fear and everything to hope for and gain from these negotiations.

Senator Frith: Honourable senators, I was not asking the Leader of the Government in the Senate to make an instantaneous judgment about the prospects in the United States. I asked my question on the assumption that the government would be interested in, and would probably be keeping itself informed of, the prospects for legislative completion in the United States. I assume the government is keeping its eye on what is happening in the United States. Does it have any information that it would be prepared to share with us in making the same assessment, when we consider the pace at which we should be dealing with it here?

Senator Murray: Honourable senators, we do attach considerable importance to the statement of the President, the statement of his confidence that the NAFTA would be ready for implementation as scheduled on January 1, 1994. Further to that, I acknowledge that there are mixed signals coming from the Congress.

The Canadian ambassador stated publicly the other day that, while in his judgment there will be considerable debate on the matter in the Congress and among the United States public, the desirability of closer economic integration and closer relations generally in the hemisphere would prevail, and the NAFTA would be approved by Congress.

Senator Frith: Honourable senators, that does deal very directly with the question I asked. In fact, what our ambassador states specifically is the type of information that would be very helpful to Parliament. I know it is part of his job to assess the support that NAFTA has in Congress and with the administration.

The Leader of the Government in the Senate has already dealt with the administration aspect. Does he wish to tell us what the government's view is at the moment as to whether there is enough support in the U.S. Congress to pass NAFTA, if there are no side agreements?

Senator Murray: Honourable senators, that is an entirely hypothetical question. Our expectation and objective is to negotiate good side agreements. We are at the table, and those discussions began the other day.

Senator Frith: It is not hypothetical to ask whether the government has an assessment or views about whether there is enough support in the U.S. Congress to pass NAFTA, if there are no side agreements.

Senator Murray: Honourable senators, on that matter I would want, as I am sure the honourable senator would, to accept as more valid the views of the United States administration, which is of the view that they need the side agreements.

NATURE AND SUBSTANCE OF PARALLEL ACCORDS

Hon. L. Norbert Thériault: Honourable senators, I have a supplementary question for the Leader of the Government in the Senate. Are those parallel accords or side agreements of a public nature? Does the Government of Canada have the total details of what the U.S. administration wants in those parallel accords?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the very first meetings among Canada, the United States and Mexico were held several days ago. In the course of those meetings, I am told that the United States put forward verbally, and in a conceptual way, what it has in mind with regard to both a labour agreement and an environmental agreement. I am told that there was no draft agreement or document left with ourselves and the Americans.

Senator Thériault: Honourable senators, I suppose one has to accept the word of the leader. It sounds strange to me. The U.S. administration, after consultation with Congress, must know what it wants. From my reading, in an attempt to follow the discussion that is going on across the border, I am not even convinced there are only two side agreements. If the Leader of the Government in the Senate is to ask a committee of this house to pre-study that legislation, does he not believe that it would be useful to that committee to be supplied with the details of what the U.S.A. wants in its parallel agreements?

Senator Murray: Honourable senators, I think it would be useful for a committee of this house, and for a committee of the other house, to focus on the NAFTA agreement itself; it is a large, complex and very important trade agreement.

As I have told the honourable senator, it is an agreed principle among the three countries that that agreement will not be reopened. The two matters on which they are about to begin discussions have to do with labour and the environment. There has only been one meeting, an introductory meeting to get acquainted again, among the negotiators of the three countries. That was almost entirely a verbal exchange. The Americans indicated in a conceptual way what they have in mind. Our people came back and reported to us, and I presume the Mexicans did the same thing.

• (1440)

In due course there will be more formal exchanges of views, but the Government of Canada feels there is nothing in all these negotiations to prevent or impede Parliament in any way from studying the NAFTA agreement which, as I said, we have all agreed will not be reopened in this process.

Senator Thériault: Honourable senators, I have been following the debate in the other place, and especially the answers of the Minister of External Affairs on this matter. There seems to be a difference between the concept of the Government of Canada and the concept of the U.S. administration — or at least the Congress. The Americans seem to think those parallel accords are very important and are not minor details.

I know the Government of Canada takes the stand that it will not reopen the agreement —

Senator Murray: All three countries take that position.

Senator Thériault: Then why is it —

Senator Murray: All three countries take that position, I repeat.

Senator Thériault: I did not know you were so touchy. I was about to ask you another question.

Senator Murray: Go ahead. I am all ears.

Senator Thériault: If the U.S. Congress and administration are of the same opinion as the Government of Canada that, in fact, the parallel accords will not change or reopen the agreement, why then would the U.S. administration and Congress not proceed with the fast-tracking of the accord at it now stands, instead of waiting to see whether those parallel accords will be accepted?

Senator Murray: Honourable senators, the legislative system in the United States is far different from what it is here, and so is the legislative timetable. The legislative process in the United States involves discussions between the administration and Congress, which are going on as we speak.

All we are suggesting is that the House of Commons should address itself to the bill at second reading, this being almost the end of March and the treaty being scheduled for implementation on January 1 next, and that possibly the Senate might want to consider a pre-study so that they can do justice to a matter as complex and important as this.

Senator Thériault: Honourable senators, the Leader of the Government in the Senate just made the case. In fact, what is happening in the United States is that the administration has been negotiating with Congress, and oftentimes with the members of the different parties in that Congress.

What the Leader of the Government is saying is that he wants to proceed as this government has proceeded with other important matters, namely by ramming what they believe is right down the throats of the Canadian legislators in the other place and in this house. Why not admit it?

Senator Murray: Honourable senators, I think a more elegant way to put it is that it is a seamless web.

Senator Molgat: Another seamless web. The previous one didn't work very well.

YUGOSLAVIA

PEACEKEEPING FORCES—EXPOSURE TO UNREASONABLE HAZARDS—REQUIREMENT FOR UN INTERVENTION

Hon. Raymond J. Perrault: Honourable senators, I have a question about the Canadian troop presence in Bosnia and in Yugoslavia. We have heard reports in recent hours of Canadians being injured, severely in certain cases, as a result of the shelling of UN positions in that area. These questions arise from that incident.

How long will the world tolerate the depredations of homicidal maniacs attempting to alter the face of what used to be Yugoslavia in the name of ethnic cleansing? How long will we be prepared to expose Canadian troops to unreasonable hazards in their efforts to bring aid to the innocent victims on all sides in this terrible conflict? How long will endless and fruitless missions to Belgrade continue, with UN representatives, as they are doing now, begging for the support and cooperation of officials there, and with agreements being shattered almost every day without any real intent to abide by the spirit and letter of those agreements? How long will the Bosnian people be denied access to the means that they require to at least defend themselves?

I ask the Leader of the Government in the Senate whether any active consideration is being given to entering another phase of the international community's reaction to this fratricide; whether tough and effective measures may be taken to end this senseless, useless and totally immoral slaughter of the innocents.

Hon. Lowell Murray (Leader of the Government): Honourable senators, Canada, of course, condemns the obstruction of the United Nations' efforts to bring relief to the Bosnian population.

As the honourable senator knows, two of our soldiers were injured yesterday, one of them critically. Four other members of the peacekeeping forces were also injured. A number of civilians were killed.

The obstruction of the relief efforts is contrary to international law and to the Geneva Convention. Those who are in contravention of that law must bear the responsibility for this situation and will have to pay the price for it through international law.

We are aware of questions raised about the effectiveness of the UN troops there, and we know that the troops must have the resources to carry out their mission. However, commanders, including General Morillon, continue to stress the need for the UN troops to be there.

Senator Perrault: I ask the leader this question, and I know it is a difficult area for the government, and indeed for all governments: There was a total resolve on the part of the free nations of the western world to intervene in Kuwait when the rights of the people there were threatened. There was no hesitation in engaging in a program of precision bombing to

bring Mr. Hussein to his senses. These actions were taken in the name of human rights, dignity and maintaining the freedom of smaller country.

What is the basic difference between the situation which exists now in Yugoslavia and that which existed in Kuwait, when we did not hesitate at all to engage in measures to bring that tyrant to his senses? What is the profound difference? Why are we so hesitant in the face of outrages far worse than those which existed in Kuwait? Why are we so hesitant to intervene in a tough way in this case?

Time after time, agreements have been broached. There is obviously no interest at all in observing the spirit and letter of those agreements. Another UN emissary is in Belgrade today, pleading with the leadership there to please abide by the latest agreement.

Why are we having such a difficult time, and engaging in this moral agonizing over what we should do, when in the case of Kuwait we went in and the job was done with the full cooperation of the Canadian Armed Forces?

Senator Murray: Honourable senators, the differences are many. I hear some honourable senators opposite saying the difference between the situation in Kuwait and the present situation in Europe is one of oil. The fact of the matter is that the basic difference is the realistic evaluation by all countries on the Security Council and elsewhere as to the effectiveness of armed intervention of that kind on the part of the United Nations.

• (1450)

Senator Perrault: It seems to me that somehow Kuwait represented a smaller problem, that it was easier to handle militarily, which is why we did not hesitate to move in. In the case of Bosnia-Herzegovina, Serbia and Croatia it seems that somehow that may entail a greater effort and sacrifice on behalf of the West.

I think that we have been somewhat cynical and hypocritical in the position we have taken in this matter. I am not accusing the government of dereliction of its duty at all. After all, we are all Canadians as far as this issue is concerned.

I was at a meeting the other evening where there were some recent refugees who had just come from Bosnia. The stories they told were absolutely and horribly scandalous. We have permitted this conflict to go on and all we can engage in is a ceaseless round of hand-wringing instead of action.

Senator Murray: The UN Security Council has imposed sanctions, and we, Canada, would support further sanctions if they could be effective. This is not a situation on which one should extemporize.

The fact of the matter is that Lord Owen and Cyrus Vance have developed a plan which, possibly, would bring some stability to the region and effectively provide for its cantonization. We are dealing with conflicts that saw their origins many centuries ago.

If a simple intervention by a UN force could solve the problem, or even if we could be certain that it would achieve something, then it could be considered. At the moment, it does not seem likely to happen.

FOREIGN AFFAIRS

AID TO RUSSIA—IMMEDIATE RESUMPTION OF GRAIN SHIPMENTS

Hon. H.A. Olson: Honourable senators, I should like to ask a question of the Leader of the Government in the Senate in order to clear up what seems to be a contradiction.

On March 23, the Prime Minister announced that food shipments, especially of wheat, to Russia would be resumed immediately. As a result of an interview with the minister responsible for grains and oilseeds, the Honourable Charlie Mayer, there have been some press reports stating that they were not to resume shipments because of some difficulty caused by the fact that payments were not being made. The point that the minister emphasized was that Canada is entitled to payment, in light of the fact that they pay other countries for their arrears.

It may be that that interview was conducted before the Prime Minister made his announcement and only reported on afterwards. The question I ask is this: Are we now to resume shipments of food, particularly wheat, to the Soviet Union notwithstanding the other qualifications?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the short answer to that question is yes. The Prime Minister has spoken with President Yeltsin. The Prime Minister says that they have resolved the problem, and I have no doubt that they have. That is his statement. I think there are some details that have yet to be ironed out, but we have every confidence that they will be.

Senator Olson: So "immediate" doesn't quite mean "immediate".

YUGOSLAVIA

CANADIAN PEACEKEEPING TROOPS—EQUAL STANDING FOR RESERVISTS AND REGULARS—STATUS OF MILITARY EQUIPMENT

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government in the Senate. My colleague, Senator Perrault, referred to the unfortunate incident yesterday in Yugoslavia in which two Canadian soldiers were severely hurt.

There have been previous incidents. In fact, last Saturday two other Canadian soldiers, who happen to be from Winni-

peg, were also injured. They were injured in an armoured personnel carrier which ran over some anti-tank mines. Sad as I am to hear about these events, I think some questions arise from them. One of these soldiers happens to be a reservist from my own regiment, the Royal Winnipeg Rifles.

The questions that arise are these: What is the protection, medical or otherwise, for reserve personnel serving with the regular forces if, for example, they suffer permanent disability? What is their position with respect to their families? Is their protection identical to that of the regular forces personnel? Exactly what is their status?

As we are using a larger number of reservists, we surely have an obligation to ensure that they are treated equally in the process.

The second question that arises is as to the quality of the equipment that we are supplying to our soldiers in that area. My understanding is that these Winnipeg soldiers were in an armoured personnel carrier, a piece of military equipment that has been judged to be the slowest, oldest and the least protective of vehicles. Can it be ascertained if in fact this accident was caused by an APC running over land mines and whether the Canadian soldiers, either regulars or reservists, are using inferior equipment? Are we placing them in additional-risk situations that we should not be considering?

Hon. Lowell Murray (Leader of the Government): Honourable senators, to take the second part of the question first, the Deputy Leader of the Government will table today a delayed answer to a question put by Senator Bosa on the matter of the equipment that our forces are working with in that exercise.

I will inquire into the details of the particular incident the honourable senator has asked about.

As to the first part of his question, it is a very good question. I should not jump to assume anything, although the honourable senator will be aware that the military leaders in this country have been talking for the last little while about the new total force concept in which regular permanent forces, full-time military and reservists, are trained and are expected to work together in peacekeeping and enforcement situations and, presumably, in combat situations. I should assume that the benefits they receive would be similar, if not equal.

It is a good question and I will get an official and authoritative reply on it next week.

Senator Molgat: I thank the minister. I realize that my questions are rather detailed and he will have to get the information.

I suppose I am doubly concerned in view of the fact that I am still involved with the militia. In spite of the total force concept, I do not believe there is equality. There is certainly not equality of pay here in Canada. There may be on service overseas; I do not know. I would like to find out.

Some months ago we debated in this place a bill that governs the provision of pensions to the civil service. At that time I brought up the point that militia soldiers on full-time service, what we call "call-out", were not treated in the same way as regular force soldiers. There are anomalies.

If we are sending reservists into situations such as in Yugoslavia, or anywhere where they are in equal danger, I want to be sure that they are treated equally with the regular force.

• (1500)

Senator Murray: Let me ask for a comprehensive statement on that matter.

The Hon. the Speaker *pro tempore*: Honourable senators, I must advise you that the 30 minutes alloted to Question Period has expired.

NORTH AMERICAN FREE TRADE AGREEMENT

ACCESS NORTH AMERICA PROGRAM FOR BUSINESSES—PROTECTION OF DISPLACED WORKERS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I was in the process of asking a second question, which had to do with NAFTA, so I will just terminate that one.

I refer to a press statement from the Canadian Press saying, according to Trade Minister Michael Wilson, that the Canadian government will spend $20 million over four years to help Canadian businesses seize opportunities opened up by the North American free trade agreement. Apparently, key elements of the program called Access North America are focused on enabling Canadian companies to gain a foothold in Mexico.

It would certainly be good business practice to do anything we can to encourage Canadian companies to take advantage of NAFTA, if it proceeds. However, if we look back at what happened with the free trade agreement, one of the great concerns — and one of the great requests when the debate was on — was for the government to do something for the workers who were displaced as a result of the free trade agreement. The promises were made.

Subsequently, however, there was a so-called high level committee chaired by Mr. de Grandpré which studied the situation and came back and said they could not do anything for Canadian workers.

If we are to spend this money to help Canadian business gain access into Mexico, what will we do under NAFTA to protect Canadian workers?

Hon. Lowell Murray (Leader of the Government): Honourable senators, Mr. de Grandpré and his group found that all the programs already exist in this country for the training and adjustment of workers, and that no new programs were needed. At the moment, the honourable senator must know that we are spending something in the neighbourhood of $3 billion a year on training from the UI fund and the Canadian Jobs Strategy, and so forth. If you examine what we have available in the field of training and adjustment compared to almost any country in the OECD, you will find that our performance is exemplary. The private sector could be doing a great deal more, however.

Senator Molgat: I can assure my honourable friend that Canadian workers do not find the program of the Canadian government in this regard exemplary. Far from it. In fact, what has happened since the implementation of that agreement is that the government has been cutting back on UI consistently. We will have a bill in this chamber next week which received first reading in the House of Commons today, a bill to make more cuts in UI, and yet you say the government is helping workers more. The workers are unaware of that, at this point.

Senator Murray: The workers are taking advantage of it in droves.

Senator Molgat: Furthermore, the UI funds that our friend speaks of as funding retraining comes from the pockets of workers and employers. The government no longer puts any money into UI. Let us not have any illusions about what the government is doing to help the workers.

I come back to my question: Will there be provisions in NAFTA to protect workers who are displaced?

Senator Murray: Honourable senators, the NAFTA bill is before the House of Commons. I have just suggested that we should have a pre-study of it. This would be an excellent opportunity for the honourable senator to register his points and to ask his questions. However, I do not want to abuse the patience of the house by going beyond the 30-minute limit for Question Period.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have answers to questions asked on March 23 by Senator Bosa regarding Canada's peacekeeping equipment; by Senator Grafstein regarding the possible establishment of a UN war crimes tribunal, and by Senator Stewart on March 24 regarding a loan guarantee to Curragh Resources.

YUGOSLAVIA

CANADIAN PEACEKEEPING TROOPS—STATUS OF MILITARY EQUIPMENT

(Response to a question raised by Hon. Peter Bosa on March 23, 1993)

The 2nd RCR Battalion of the Royal Canadian Regiment, currently on peacekeeping duty in Bosnia-Hercegovina, are sufficiently well armed and protected to meet any kind of threat that they anticipate.

This equipment has served the armed forces not only on other peacekeeping missions, but during the successful operation to open and secure Sarajevo airport, and in all our humanitarian convoy work in Bosnia-Hercegovina.

There is no doubt that more heavily armoured vehicles exist, but experience shows that the Canadian M113 armoured personal carriers are generally capable of meeting the needs in Bosnia and elsewhere.

This does not mean that National Defence does not seek improvements. In the light of experience, every effort is made to review the equipment deployed with 2nd RCR Battalion and wherever possible upgrades and improvements are made to that equipment. New pieces of equipment that will improve the protection available in the M113 have been purchased recently and will be installed shortly.

As the Minister of National Defence has said, the government will not put Canadian soldiers in situations in which they cannot protect themselves.

UNITED NATIONS

PROPOSED WAR CRIMES TRIBUNAL—ALLOCATION OF FUNDS

(Response to question raised by Hon. Jerahmiel S. Grafstein on March 23, 1993)

Since last Summer, Canada has repeatedly stressed the importance of bringing those who violate international humanitarian law in the former Yugoslavia to justice. A vital part of the process of bringing war criminals to justice is the gathering of prosecutable evidence by the UN Commission of Experts (UNCOE).

Canada has been at the forefront of efforts to ensure that the Commission has sufficient resources to fulfil its mandate.

Canada is pleased that a Canadian commission member, CDR William Fenrick, has been named special rapporteur for on-site investigations.

Canada has already provided the UNCOE with a war crimes investigative unit, headed by Lt-Col. Kim Carter, to assist the Commission in gathering evidence. The war crimes investigation unit returned March 18th from a preliminary investigation of a mass grave site at Vukovar in Croatia.

Since January, Canada has convened meetings in Geneva of like-minded countries to urge them to provide assistance to the UNCOE and has been assured that other offers of assistance are forthcoming.

The UN is establishing a trust fund for the Commission and Canada will be the first contributor. The SSEA has already agreed in principle to contribute to the UNCOE fund and the amount of the Canadian contribution will be announced shortly.

NOVA SCOTIA

DEVELOPMENT OF COAL MINE IN PICTOU COUNTY — FEDERAL LOAN GUARANTEE

(Response to question raised by Hon. John B. Stewart on March 24, 1993)

On December 3, 1992, the federal government paid the Bank of Nova Scotia as requested under the terms of the loan guarantee. The federal government has an obligation to the Canadian taxpayers to attempt to recover as much of the loan guarantee as possible.

Having paid the Bank of Nova Scotia under its legal obligation, the federal government has replaced the bank as security holder for the Westray Mine, but not as the mine's owner. As such, the Government of Canada is entitled to recover on their assets.

It is premature to discuss the extent of recovery of this loan.

OFFICIAL RECORD

CORRECTION TO HANSARD

Hon. Efstathios William Barootes: Honourable senators, I rise on a point of privilege referring to the *Debates of the Senate* of March 23, at page 2903 in the first column. By my count, the correction applies to line 35 if we count every line, or to line 31 if we are counting only the small print. Recorded there is a statement made by myself in respect to additional support for Saskatchewan producers in view of the difficulties this year, as follows:

> This is injecting some $19 million into the Saskatchewan farm economy this year.

Unfortunately, that amount should not be $19 million but $90 million. It may have been my difficult diction, or it was heard wrongly, but the correct amount should be 90, and I ask that that be corrected, please.

ORDERS OF THE DAY

APPROPRIATION BILL NO. 1, 1993-94

SECOND READING

Hon. John Lynch-Staunton (Deputy Leader of the Government), moved second reading of Bill C-120, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1994.

He said: Honourable senator, Appropriation Bill No.1, 1993-94 provides interim supply for the first three months of the fiscal year. The form of the bill is the usual one for interim supply bills. The 1993-94 Estimates were tabled in the Senate on February 25, 1993, and immediately referred to the Standing Senate Committee on National Finance.

[*Translation*]

This bill provides $13.885 billion in appropriation which the government needs in order to fulfil its commitments until the end of June, while various committees study the Estimates.

A second Appropriation Act will be tabled before June 30, 1993, to release the rest of the funds in the Estimates.

[*English*]

This bill contains a general proportion of three-twelfths of all votes, plus additional proportions for some 36 votes. The additional proportions are required mainly to meet payments of a seasonal nature in some programs, to meet payments in accordance with some programs, and the need in other instances to make major payments before the end of June. I should point out that, as usual, in no case is Parliament being asked to pass the entire amount of a vote.

Hon. H. A. Olson: Honourable senators, in spite of being here on Parliament Hill for 35 or 36 years, I have no experience of what is usually done on these appropriation bills. I am told by some people that they just pass without a great deal of debate. Maybe that is the way it is.

In fact, however, we are being asked now to pass at least three-twelfths — and in some cases a little more — of $161 billion, which is a fairly significant amount, of expenditures that we are being asked to provide in this interim appropriation bill. Surely we should have a little debate on $35 billion or $40 billion-worth of interim supply.

Nevertheless, I would like to know about the practice that has been followed in the past in this regard. I say very frankly

that I do not know what the practice is here. Perhaps my house leader could advise me whether it is appropriate for someone to make a substantive speech on this interim supply bill?

• (1510)

Hon. Royce Frith (Leader of the Opposition): I think perhaps there is a misunderstanding. It often occurs that we do not spend much time on a supply bill because the Estimates that are the basis for the supply bill have been referred to the committee on National Finance and dealt with there.

However, in a way, the supply bill is very closely linked to the report of the National Finance committee and there is no reason why, if there are some items that any senator wants to deal with, even if it amounts to dealing with them again to underline some item that is in the Estimates that are the basis for the supply bill, that we would not do so. It is just that after reference of the Estimates to the committee and their being dealt with in the committee, the Senate does not normally refuse the government supply, but it certainly does not have to give it supply without comment.

I imagine the bill needs to be passed before the end of the month, but certainly if the chairman of the committee wants to make some comments about what happened in the committee, or something that was not discussed otherwise in the Senate, I think that would be perfectly in order.

Senator Olson: That is exactly where I run into the problem. The Main Estimates have been referred to the committee, there is no doubt about that, but we have not even begun to deal with them yet. There has been no consideration by members on either side of the house of those Estimates. There is no doubt about that.

I acknowledge that when we do get to them, which I think will be next Wednesday afternoon, March 31, we will begin the process of looking at this. But in the meantime we are being asked to approve the expenditure of about $40 billion, three-twelfths of the total estimate in this appropriation bill, Bill C-120.

It might be that in the past the committee did in fact have a chance to look at the Main Estimates — not pass them or refer them back, but at least a chance to look at them — and so far we have not. That is the simple truth. We are about to start that process next week.

In any event, I had a fairly long, detailed speech ready, but I will set that aside and take the short one and simply deal with some of the highlights of this. This is a very large item. It is a minimum of three-twelfths and in some cases more than three-twelfths of $161 billion. I will touch on the main highlights of it and we will deal with the rest of it later.

Honourable senators will recall that in the December 1992 economic and fiscal statement, the Minister of Finance announced further expenditure reductions to address slippage in the budget deficit target. That brought about the economic situation as well as new strategic investment initiatives to stimulate some economic growth. This was a major change from the budget speech made in February of 1992, primarily because of a major shortfall in revenue from what was anticipated when the budget speech was made. I think that is probably what they said.

After incorporating these reductions in the new investment initiatives, total budgetary expenditures for 1993-94 are expected to increase by 1.5 per cent to $160.7 billion. Total expenditures, less public debt charges for 1993-94, as presented in the economic and fiscal statement, are expected to be about $120.9 billion or 1.7 per cent higher than forecasted spending for 1992-93.

Over the period from 1984-85 to 1993-94, growth in programming expenditures has averaged about 3.7 per cent, compared with an average inflation rate of 4 per cent for the same period, or a total decline of 2.6 per cent.

The Main Estimates set out details of $161.1 billion for planned government spending. The year-over-year growth in Main Estimates is .4 per cent. There are a number of spending reductions and other adjustments which are not reflected in the Main Estimates because they depend on the passage of separate legislation.

Those are just some of the highlights that ought to be pointed out. I think there may be some very valid criticism of the first three-twelfths or 25 per cent of these Estimates that should be raised, but I will leave that for another day. In the meantime, we will have an opportunity to ask questions of the Treasury Board respecting these Estimates and then, no doubt, a number of the members of this chamber, particularly those who are members of the National Finance committee, can come here with far more detailed and very proper criticism of some of the expenditures that are planned in this interim supply bill.

Senator Frith: Honourable senators, if I may be permitted an addendum from the procedural aspect, as I understand it — and there are senators here with more experience than I in the whole process of Estimates and appropriation bills — the principle of what we are engaged in right now is that the Main Estimates come and are referred to the committee. The government needs money in the interim. It does not want to say to the committee, "Give us this money. Hurry up and finish your Estimates consideration." Any government is saying, as I understand it, "Give us some of the money in the meantime in order that we can operate, but that is totally without prejudice to what you are doing on the Estimates."

That is why I asked the Leader of the Government for a copy of his notes, which he quite promptly gave to me. There is the sentence in here that I thought would be here, namely, "I should point out that, as usual, in no case is Parliament being asked to pass the entire amount of a vote".

I cannot remember whether there was ever an added statement, "— and the granting of interim supply in no way prejudices the work of Parliament or its committees with regard to the Main Estimates", or whether that is simply something that is in *Beauchesne's*. I think that is the context in which we are being asked for interim supply.

Senator Olson: I hope it is the practice.

Senator Frith: I am sure it is the context in which interim supply is asked for and that the intent is that it is without prejudice to the consideration of the Main Estimates, and that a government will never go to Parliament or the committee and say, "Look, you gave us three-twelfths of this; you cannot criticize the rest." I think that is the situation, if that is of any help.

• (1520)

Senator Olson: Do we have a commitment from the house leader that he will not object?

Senator Lynch-Staunton: The tradition is that interim supply is voted and the committee continues to study the Main Estimates. Perhaps Senator Stewart can confirm that procedure.

Hon. John B. Stewart: I do not know what the problem is.

Senator Lynch-Staunton: There was no problem a moment ago.

Senator Stewart: The Main Estimates have been sent to the Standing Senate Committee on National Finance. The government is asking for three-twelfths in some cases, seven-twelfths in other cases, and nine-twelfths in this interim supply bill.

As Senator Olson said, the old fiscal year has not yet ended. Normally the government will need money in the new fiscal year, perhaps April 12, 13 or 14. There is no urgency.

There will be questions in the committee. For example, I want to know why the government wants nine-twelfths of the Treasury Board Vote No. 5 now, the contingency vote. They are asking for $337.5 million. That is money which can be spent for virtually any purpose. They are not asking for three-twelfths. They are asking for nine-twelfths of the total, which is $450 million. That is the standard total. I want to know why they want nine-twelfths of that now.

An Hon. Senator: For the election.

Senator Stewart: Yes, that is not perhaps unduly cynical.

We have these questions, and they can be dealt with in the committee on the Main Estimates. There is no reason why the bill cannot be dealt with by due process well before the government needs the money, unless there is an extraordinary requirement that has not yet been revealed.

Senator Lynch-Staunton: There is nothing mysterious about the bill. I thought we were following years of tradition of bringing in an interim supply bill and referring the Main Estimates to the committee. Meanwhile, for three months, moneys were being voted in various portions.

Of course, the Senate can decide if it wants to delay and have hearings, but the money will be needed by a certain date. If Senator Olson can only have his committee meet on March 29th and the fiscal year starts three days later, I do not think we will be any further ahead.

Senator Stewart: You do not need the money on April 1.

Senator Lynch-Staunton: We do not expect to be here after April 6. We intend to adjourn until well after Easter, but if the committee wants to meet during that time —

Senator Stewart: That is a matter for you and senators to decide, but surely we will not set aside the ordinary financial procedures of this house simply so that we can adjourn at a date convenient to some of us.

Senator Lynch-Staunton: I have been following the ordinary procedures.

Senator Stewart: The ordinary procedure, if I recall correctly, is that we get the Main Estimates, and we ask, when we get the interim supply, that we at least have a chance to ask questions of people who can give detailed responses. The responses are ordinarily very good.

Why, for example, do you want nine-twelfths of the contingency vote right now?

Senator Lynch-Staunton: Are these not questions asked ordinarily in the committee when the Estimates are being debated? Meanwhile, the bill itself is passed. Is that not the practice?

Senator Stewart: No.

Senator Lynch-Staunton: When we come to the interim supply for the current fiscal year, will we have the same kind of answer?

Senator Stewart: That is what we are on.

Senator Lynch-Staunton: No, we are not. We are on next year; we are not on this year. We are on the new fiscal year. We have two supply bills before us.

Senator Olson: Bill C-120.

Senator Lynch-Staunton: And Bill C-119. We are dealing with Bill C-120. Do we follow the same procedure for Bill C-119?

Senator Stewart: Perhaps I am wrong. I understood we were on the interim supply for the forthcoming fiscal year.

Senator Molgat: That is right.

Senator Stewart: The government will need that money in about two weeks. If I recall correctly, the normal process is that the committee has a chance to look at the Main Estimates, and then questions are asked. We understand why you want three-twelfths. You do not need to answer that, but there will be cases where the government wants seven-twelfths. Perhaps it wants to start construction. Good answers can be given. In other cases, the answers will be more esoteric, but there should be an opportunity for those questions to be asked and answered before we give interim supply against the total. We should be able to do that expeditiously, but I do think we ought not to pass the bill until we have had an opportunity to get some answers.

Senator Frith: The point Senator Stewart is making is that while it is not customary, or even relevant, to talk about the whole of the Main Estimates when dealing with interim supply, it is relevant to talk about interim supply or, in other words, why you do not automatically, as Senator Stewart says, get interim supply just by asking for it. In fact, usually the government has a reason for asking for the interim supply. They get the answers, as Senator Stewart puts it. Therefore, it is quite relevant for us to want to talk about interim supply. Of course a good question, which they may have an answer to, is why do you want interim supply to protect yourself with a contingency fund? There may be an answer to that, but Senator Stewart's point is that those questions are usually asked and answered in the committee before interim supply is granted.

Hon. Roch Bolduc: We will meet next Wednesday afternoon on the Main Estimates. At that time, we could perhaps have a look at questions concerning Bill C-120.

Senator Stewart: Exactly.

Senator Olson: That is a proposal of the government, fine. Perhaps the government whip can find us an opportunity to meet earlier than Wednesday.

Senator Molgat: There is no need.

Senator Olson: But there is one problem that I do not think has arisen before. We are being asked to approve Bill C-120, the appropriation bill, without having had one meeting on the Main Estimates. In the past, there have always been one or two meetings.

Senator Bolduc: I may be wrong, but I think the honourable senator wants to ask questions about the interim supply. We could do that next Wednesday when we begin to review the Main Estimates.

Senator Olson: There is no problem with that; I understand that. This is a matter of putting the cart before the horse. You want to pass the bill before we have had a chance to ask one single question.

Senator Molgat: No, second reading only.

Senator Olson: Well, perhaps we can come to an agreement.

I do not want to say any more at this time. The committee members and I will raise questions in the committee, not here. There is no doubt about that.

Senator Frith: We are on track.

On December 16, 1992, the same question was raised; how the passage of such a bill is without prejudice to a position on the Main Estimates in due course. I will quote from page 2523 of the *Debates of the Senate*:

> I pause here in remembrance of Senator Grossart, since he always very carefully insisted that an undertaking be given to the effect that the passing of this type would not prejudice the rights and privileges of members to criticize any item in the estimates when it came up for consideration in committee. The usual undertaking is hereby given that such rights and privileges will be respected and will not be curtailed or restricted in any way as a result of the passing of this measure.

That is the phrase I was looking for.

• D (1530)

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, it is understood that we will give the bill second reading and refer it to committee. At that point we will have some substantial questions. There are six schedules to the bill, each one with a different time running from eleven-twelfths down to three-twelfths. I find it surprising, however, that the House of Commons would proceed to deal with this bill in all stages in one day.

Senator Lynch-Staunton: Half an hour.

Senator Olson: We are more responsible than they are.

Senator Molgat: It seems to me inconceivable that Parliament, which was originally established to control expenditures of the Crown, would deal in such summary fashion with this essential purpose of Parliament.

Senator Bolduc: It is the usual procedure, because the Estimates have no definite impact. The Estimates go on and we study them for months and months. I do not see the problem, really.

Senator Molgat: I agree that it may be somewhat academic, but it seems to me that if we ran our business properly we would have all the Estimates cleared beforehand. We should change the schedule of preparing Estimates so that they are prepared before the end of the fiscal year. That is the way I would run a business. Frankly, from my background in the provincial legislature, I know that is the way it was run there.

Senator Bolduc: The federal government is such a big enterprise that you have to have about 18 months. Don't forget that the forecasting for that budget is 15 months old now. It is a long process.

Senator Molgat: On that basis we are prepared to give the bill second reading, and we will ask all our questions in committee.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Lynch-Staunton, bill referred to the Standing Senate Committee on National Finance.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL

The Secretary to the Governor General

March 25, 1993

Mr. Speaker,

I have the honour to inform you that the Honourable Peter deC. Cory, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 25th day of March, 1993, at 4:00 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

Judith A. LaRocque
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

SASKATCHEWAN TREATY LAND ENTITLEMENT BILL

SECOND READING

Hon. Eric Berntson, moved the second reading of Bill C-104, respecting an agreement regarding treaty land entitlement in Saskatchewan entered into on September 22, 1992, among Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of Saskatchewan and the Keeseekoose, Muskowekwan, Ochapowace, Okanese, Piapot, Star Blanket, Yellowquill, Beardy's & Okemasis, Flying Dust, Little Pine, Moosomin, Mosquito Grizzly Bear's Head, Muskeg Lake, One Arrow, Pelican Lake, Red Pheasant, Saulteaux, Sweetgrass, Thunderchild, Witchekan Lake, Canoe Lake and English River bands, and respecting an agreement regarding treaty land entitlement in Saskatchewan entered into on September 23, 1992, among Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of Saskatchewan and the Nekaneet band.

He said: Honourable senators, I welcome the opportunity to address the issue of treaty land entitlement legislation, Bill C-104. I want to begin by commending my colleagues for their commitment to ensuring that Canada fulfils its historic obligations to aboriginal people. Bill C-104 is a crucial step in achieving this objective in the area of treaty land entitlements. For this reason I am sure my colleagues will want to support this legislation.

Bill C-104 will provide for the implementation of two historic agreements that were finalized last year. The first, the Saskatchewan Treaty Land Entitlement Framework Agreement, was signed on December 22 and covers 26 of the 27 entitlement bands in Saskatchewan. The second agreement, the Nekaneet Treaty Land Entitlement Settlement Agreement, was signed the following day. It will address the entitlement issue for the Nekaneet band, which faces special circumstances that require immediate action through a separate arrangement.

Under these two agreements, the governments of Canada and Saskatchewan will provide close to $500 million over the next 12 years to enable the 26 affected bands to purchase land. That land will then be transferred to the federal Crown and will eventually be granted reserve status.

According to federal-provincial cost sharing agreements reached more than a year ago, 51 per cent of the funds under these treaty land entitlement agreements will be provided by Canada and 49 per cent by Saskatchewan. The federal government has agreed to accelerate its payments in the first two years of the framework agreement so that the bands can move quickly in purchasing land for the benefit of their communities.

Honourable senators should also be aware that the government has taken steps to protect the financial interests of rural municipalities and rural school divisions. Towards that end, the framework agreement includes an arrangement to pay some $50 million in compensation to these institutions for lost tax revenues when land is removed from private ownership.

Honourable senators, the money paid to the first nations under these agreements will enable bands to purchase land that has been owed to them for more than a century. The agreements will also establish many of the administrative mechanisms and structures needed for the settlement process to proceed.

Saskatchewan bands account for about half of the Prairie First Nations that did not receive their full land entitlement when they signed treaties between 1871 and 1910. At the time, the amount of land due to a band was calculated based on its population when the reserve was surveyed. Depending on the treaty, the band received either 128 or 32 acres per member.

Inevitably some band members were not included in the original population counts that were made on the date of first survey. This was owing in large part to the fact that most bands pursued traditional nomadic life styles when the treaties were signed. It should also be noted that some bands simply did not select all the land that was due to them. The unfortunate result was that about 60 bands throughout the prairies did not receive their full entitlement of reserve land.

Several attempts have been made over the years to add new parcels of land to the reserves of entitlement bands. Despite the best of intentions these efforts met with only limited success. The stark reality is that, for the vast majority of entitlement bands, a problem that was acknowledged by governments as much as 50 of even 100 years ago remains unresolved today.

The treaty land entitlement issue has been a source of controversy between federal and provincial governments and Saskatchewan bands for far too long. The federal government is committed to bringing an end to this unacceptable situation. With that in mind, in June 1989 the federal government signed an accord with the Federation of Saskatchewan Indian Nations to appoint a treaty commissioner to recommend a process for resolving the issue.

• (1540)

The treaty commissioner, Mr. Cliff Wright, is to be commended for his contribution to breaking the deadlock that has been frustrating government and First Nations for decades. His report led directly to the successful negotiation of the framework agreement and the Nekaneet settlement agreement.

Based on Commissioner Wright's recommendations, the settlement approach that has been agreed to by the federal and provincial governments and the entitlement bands, incorporates three fundamental principles. They include, honourable senators, the following.:

First, the bands will receive cash in lieu of land. This will enable the bands to purchase the lands of their choice, rather than being forced to select Crown lands. Second, that certain special provisions will be made to facilitate land acquisition by bands for the purpose of creating reserves. Third, that adequate cash will be provided to enable each band to purchase a quantum of land based on its 1976 population, rather than its population at the date of first survey.

Honourable senators, these agreements signed this past September reflect these principles. However, they can only be implemented with the enactment of Bill C-104, which satisfies a number of specific undertakings made by the federal government and clarifies or strengthens legislative authorities in other areas. I do not intend to expand at length on these legislative provisions, as they are essentially technical. However, I would like to remind honourable senators of their principal objectives which are as follows:

To authorize the federal government to pay to bands any revenues accruing on entitlement lands that have been transferred to the government, but have not yet been granted reserve status; to permit a surrender to take place before entitlement lands are transferred to reserve status when this is agreed upon by the band and the minister of Indian Affairs and Northern Development; to authorize the federal government to collect and remit to the province mineral revenue payments so that bands do not have to pre-pay these revenues to acquire sub-surface rights to entitlement lands; to amend the natural resources transfer agreement to release Saskatchewan from its obligation to provide unoccupied provincial Crown land to the federal government for the creation of reserves; to establish a legislative basis for the co-management agreements anticipated between entitlement bands in the province of Saskatchewan and the Saskatchewan Water Corporation; and, finally, to ensure that any other Saskatchewan bands that are judged to have outstanding treaty land entitlements in the future will have access to the same benefits and provisions as the original entitlement bands.

Bill C-104 is essentially a package of minor technical provisions, but the agreements this legislation supports are anything but minor. They are an historic breakthrough and a major political and economic achievement for the First Nations of Saskatchewan.

They are also a major achievement for the federal government, as they address one of Canada's principal commitments under the native agenda — the commitment to accelerate the resolution of land claims, including treaty land entitlements.

Honourable senators are aware of the progress that has already been made with specific and comprehensive claims. Bill C-104 will ensure that we have taken action on all three elements of the first pillar of the native agenda, and will provide a solid basis for addressing the treaty land entitlement issue in Alberta and Manitoba.

I am sure my honourable colleagues will agree that the aboriginal people of Canada have achieved remarkable breakthroughs in recent years. The gains have been particularly noticeable since the federal government introduced the native agenda more than two years ago.

Working in partnership with aboriginal leaders at the national, provincial and community level, the government is striving to redress past wrongs and improve aboriginal peoples social, economic and political prospects for the future.

Senators have supported the government's native agenda initiatives because it was the right thing to do. Bill C-104 and the agreements it supports are also the right thing to do. They will ensure that 26 Saskatchewan entitlement bands finally receive the land that was promised to them decades ago. In so doing, they will help pave the way for a brighter and more secure economic future for entitlement bands.

I am particularly pleased that these agreements address the treaty land entitlement issue in a way that will benefit aboriginal and non-aboriginal people alike.

Over the next 12 years, hundreds of real estate transactions are expected to occur in Saskatchewan as entitlement bands purchase land. Most of these transactions will occur within the next two years, providing a significant injection of cash into the provincial economy.

Honourable senators, I am certain that the entitlement bands will waste no time in pursuing environmentally sustainable economic development opportunities on the lands they purchase. These agreements and the supporting legislation will end decades of uncertainty for federal and provincial governments and Saskatchewan entitlement bands. They will address a legal commitment that was made in solemn treaties, signed more than a century ago, and they will dramatically improve the prospects for aboriginal self-sufficiency in Saskatchewan.

Honourable senators, I am of the belief that Bill C-104 is deserving of support from all honourable senators.

Hon. Len Marchand: Honourable senators, I would like to thank Senator Berntson for his explanation and introduction of the bill. I would like to congratulate the Leader of the Federation of Saskatchewan Indians, Chief Roland Crowe and the 27 treaty entitlement chiefs who reached a land settlement agreement with the Government of Canada and the province of Saskatchewan.

The tripartite agreement was the subject of many years of hard work by the FSIN and the entitlement chiefs. The historic agreement allows Canada to finally meet its historic treaty obligations to First Nations in Saskatchewan. It ends a long period of political gridlock and provides some hope that treaty Indians will be able to share in the future prosperity in the province of Saskatchewan.

Honourable senators, Bill C-104 will give effect to the agreement concluded at Wanuskewan, the traditional summer camping grounds of the plains Indians.

The bill is technical in nature, as Senator Berntson explained. It more adequately links the framework agreement reached on treaty land entitlement with federal legislation. The bill provides a means to recognize third-party interests on reserve lands; it authorizes the federal government to reimburse the province for certain mineral revenues; it allows other Saskatchewan treaty land entitlement bands to take advantage of the legislation, should future agreements be concluded; it allows bands to enter into co-management agreements and agreements with water, education or municipal authorities within the province of Saskatchewan; and clarifies several financial arrangements associated with the agreement.

The settlement of the land rights of the treaty Indians is significant for two main reasons. First, it finally fulfils a century-old commitment by the federal and provincial governments to transfer lands to treaty Indians, an arrangement recognized at the 1930 Natural Resource Transfer Agreements, the agreements that transfer all authority over lands to the prairie provinces.

Second, it is significant because it shows the continuing importance of land to Indian peoples and the willingness of first nations to take pragmatic approaches towards the settlement of their lands rights.

• (1550)

In the wake of a failed constitutional process, land agreements like this one in Saskatchewan show all of us that progress can be achieved, that people can move ahead, and that there is room for hope and optimism in this country.

However, Bill C-104 is also significant for what it does not deal with. It does not address the 416 specific claims currently in the process of negotiation with the Department of Indian Affairs. Indeed, it does not address the approximately 100 other claims that are in limbo because of bogus administrative referrals and those which have been unfairly rejected in the past, nor does it deal with the vast majority of comprehensive claims still outstanding at this time.

Honourable senators, the historic achievements represented by this bill allow us to take stock of the progress achieved to date on ensuring that aboriginal people have sufficient lands to guarantee their future well-being. The research I have undertaken in this regard is remarkable and disturbing.

Honourable senators, south of the 60th parallel there are approximately 5.5 million square kilometres of land, yet only approximately 33,500 square kilometres have been set aside for first nations. More disturbing is the fact that the federal government has not set aside a single acre for Métis people anywhere in Canada. Honourable senators, this represents only 0.48 per cent of the entire land mass south of the 60th parallel; only 0.48 per cent of Southern Canada for Indians.

In contrast, honourable senators, the Government of Canada has set aside more than 180,000 square kilometres of land for national parks, nearly seven times more land for national parks than all Indian lands combined.

In Saskatchewan, there is twice as much park land set aside than there is for all Indian lands combined. Moreover, not an acre of land has been set aside for the Métis in Saskatchewan.

While we pride ourselves in being compassionate people and often measure ourselves against the United States, we possess no bragging rights when it comes to comparing land settlements in the United States and Canada. The United States has recognized Indian title over some 225,000 square kilometres of land, nearly nine times more land than we have recognized in Canada. Honourable senators, this is all the more disturbing when you consider that our country is much larger and our population is a small fraction of the population of the United States.

Honourable senators, while I am sure you will agree that the bill before us represents progress, it provides only a temporary refuge from the long hard work ahead in settling all outstanding aboriginal land claims.

I have a table that I put together, honourable senators, and with your permission I would like to table it. I have referred to some of the statistics. The table sets out the facts of land ownership in Canada according to population, and so on. In the table there are some rather unhappy statistics. I think it would be useful to include that along with my remarks.

There is a major outstanding land account that needs to be settled in this country. In Australia, the Aborigines say it is time to pay the rent. Well, our rent is long overdue.

We need to establish a new balance. We need to set new objectives. We all need to make a new commitment to the land agendas. When I first entered into Indian politics a long time ago, land was always at the top of our agenda.

There is no question that the Indian people in the province of British Columbia have the worst land deal of any aboriginal people in the country. That is why I could not understand why land was not dealt with more directly in the constitutional process. To my dismay, honourable senators, our priority land agenda was swept under the constitutional carpet. My own view is that many aboriginal people rejected the Charlottetown accord because it failed to adequately address land. I know that this was particularly true in the province of British Columbia where Indian reserves constitute only 0.36 per cent of the land area of that province.

We can, and must, deal with land if we are to make progress on the constitutional front, but we do not need a constitutional process to settle the land issue. This bill is good evidence of that.

Honourable senators, while I strongly support this bill, I nonetheless believe it is necessary to examine the bill at committee to hear some of the concerns raised to date.

As you may be aware, Ron George of the Native Council of Canada has written to us raising some concerns with the bill. I believe it is important to hear the Native Council's views on this matter, as well as the department responsible for implementing the bill. I hope that we can hear from the minister and/or his officials when we refer the bill to committee.

I also want to closely examine the taxation provisions of the agreement to ensure that the bands are not unfairly taxed on the settlement agreement monies, particularly the principal and interest earned and held in trust, and the treaty land entitlement fund and its subsequent transfer to the bands.

In addition, I believe it would be informative to examine the provisions dealing with the riparian rights of the bands, particularly any impairment of the band's ability to influence water developments adjacent to Indian reserve lands.

Honourable senators, I also talked to Roland Crowe of the Federation of Saskatchewan Indians and assured him that we intend to deal directly with the bill and at our earliest opportunity. I am confident that we can discharge our duties in a timely and mutually satisfactory manner.

I look forward to having this bill referred to the Standing Senate Committee on Aboriginal Peoples. I look forward to it being sent to us as early as possible so that we can deal with it as early as possible.

In preparing my remarks, I did a little bit of background wondering and reading. If some of my colleagues want a good read on this whole subject of treaties, this book deals with Treaties 8 and 11. It is a book called *As Long as This Land Shall Last*, and it is written by René Fumoleau, OMI. It is a very worthwhile read. I was tempted to put some of the quotes in here about what went on. The process was rather sad in those days. There were language difficulties, as I referred to in my remarks just before Christmas when we dealt with the Gwich'in bill, and so on.

I can assure everyone here, and I am sure my honourable friends across the way from Saskatchewan can also assure everyone here, that the process entered into here and the negotiations that went on, were done with fairness and competence, certainly on the part of the FSIN, which I think is one of the most able Indian organizations in the country. They certainly would have made this deal with their eyes absolutely wide open. We can rest assured that they have made the best deal possible for those treaty nation bands involved in this agreement.

• (1600)

A great many other thoughts went through my mind in looking at what needs to be done. I concluded, rather philosophically, that any country which still has a foreign monarch as head of state has some growing up to do.

Hon. Senators: Hear, hear.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Berntson, bill referred to the Standing Senate Committee on Aboriginal Peoples.

The Hon. the Speaker *pro tempore*: Honourable senators, the Senate will now adjourn during pleasure to await the arrival of the Honourable the Deputy of his Excellency the Governor General.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Peter deC. Cory, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Deputy Speaker, the Honourable Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act prohibiting the sale of tobacco products to persons under the age of eighteen (*Bill C-111, Chapter 5, 1993*)

An Act to amend the Small Businesses Loans Act and another Act in consequence thereof (*Bill C-99, Chapter 6, 1993*)

An Act to amend the Criminal Code (air and maritime safety) (*Bill C-69, Chapter 7, 1993*)

An Act to amend the Divorce Act and the Family Orders and Agreements Enforcement Assistance Act (*Bill C-79, Chapter 8, 1993*)

The House of Commons withdrew.

The Honourable the Deputy of his Excellency the Governor General was pleased to retire.

• (1610)

The sitting of the Senate was resumed.

CANADA POST CORPORATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Michael A. Meighen, moved second reading of Bill C-73, to amend the Canada Post Corporation Act.

He said: Honourable senators, and Honourable Senator Frith in particular, I feel I owe you the same courtesy that I extended to my friend Senator Grimard to my left, which courtesy reminded me of you. I thought that I would alert you that my speech is *pas mal long et pas mal plate! Alors, je vous avertis d'avance.*

In spite of that introduction, honourable senators, I am pleased to rise to lead off second reading debate on Bill C-73, to amend the Canada Post Corporation.

Today is *un jour d'anniversaire* and I have a certain interest in that matter. I was struck by a small item that appeared in the "Thoughts Du Jour", sounds like some *franglais*, that I discovered in the *Globe and Mail.* It was attributed to one Erik Satie, a Frenchman, and as we know, the French are particularly trenchant observers of the human condition.

Senator Frith: That would be the composer.

Senator Meighen: Indeed. He died in 1925, so I am not that familiar with him.

Senator Frith: He never said anything unkind about you, as far as we know.

Senator Meighen: He did say:

> When I was young, I was told, "You will see when you are 50." I am now 50 and I haven't seen a thing.

For those of you, honourable colleagues, who have reached 50, as I have, certainly you will relate to that.

I should also welcome Senator Barootes' comments and comment upon them, but since he is not here I will not make any reference to today's launch to which he referred, other than to welcome, on behalf of the Honourable Jean Charest, Kim Campbell into the race.

Senator Frith: It is not too *plate* so far.

Senator Meighen: Returning to the matter at hand, honourable colleagues, you will want to know that this bill will create a share structure to allow all 57,000 employees of Canada Post to participate in an employee share savings plan. It will make a positive contribution to labour relations at Canada Post by giving employees the opportunity to contribute to the prosperity of the organization and to share in that prosperity which they have helped to create.

I would like to first speak briefly of the bill itself and then tell you more about Canada Post, particularly the progress that has been achieved since its incorporation in 1981, and why an employee share savings plan is a common-sense next step for this corporation.

As I indicated, Bill C-73 will create a share capital structure at Canada Post. This is a necessary technical step to permit Canada Post to establish an employee share savings plan. Once established, the plan will be available to all employees on a voluntary basis and, as such, will not affect an individual's employment in any way.

The amendments to the Canada Post Corporation Act provide for the following: The corporation, with the approval of the Governor in Council on the recommendation of the minister responsible for Canada Post, the Minister of Finance, and the Treasury Board, to replace the equity of Canada on the balance sheet of the corporation with a share capital structure with one or more classes of shares. The shares created can only be held by the Crown and by employees of Canada Post or their trustees.

The shares held by the Crown will have exclusive voting rights and not more than 10 per cent of the shares can be held by employees.

Canada Post will remain a Crown corporation and an agent of the Crown. It will issue the shares to its employees in accordance with the share saving plan, to be approved by the Governor in Council on the recommendation of the same people I mentioned a moment ago. Dividends will be paid on the shares in accordance with the terms of the plan which will be worked out in cooperation with the employees.

It is anticipated, and I know all honourable colleagues would share this hope, that this plan will make a significant contribution towards improving management-employee relations at Canada Post and have a positive impact on productivity and operational efficiency. In turn, of course, these will only enhance the corporation's financial stability.

I mention financial stability because, as all honourable senators are aware, in 1981 the previous government, to its credit, converted the old money-losing post office department into a Crown corporation, primarily because it was becoming inefficient and increasingly expensive. A service that had created surpluses for most of the first half of the 20th century was annually recording deficits that had grown to $600 million and threatened to reach the $1 billion mark. This was unacceptable to all Canadian taxpayers.

The post office before its incorporation was so bogged down in entrenched attitudes and old conflicts that no one seemed to have the time or the energy to rise above the immediate problems and provide the organization with a sense of purpose and direction. Without an effective and efficient postal system, Canada is ill-equipped to meet the challenge presented by an increasingly global economy.

The corporation was therefore established to provide purpose and direction and to bring business values to the operation of the postal system in Canada. It was completed with the consent of all parties because it was the only logical and common-sense solution to what was increasingly an intolerable problem.

Canada Post in 1981 had a long way to go before it could become profitable. Its plants were inefficient with outdated or obsolete equipment. Previous governments had always found more pressing needs for their limited resources, more pressing needs than investing in the capital assets of the post office.

This new corporation had annual revenues of more than $1.5 billion, but no accounting system. It operated from one end of the country to the other, but no one knew where the mail was at any given time, least of all the persons who were intended to receive it.

In order to meet the enormous task that lay ahead, Canada Post had to begin thinking like a business. By asking Canada Post to prepare and submit annually a five-year corporate plan, the government recognized and encouraged this needed change in attitude.

As a result, the corporation began to emphasize a corporate culture, stressing such hitherto unknown values as customer sensitivity, quality, and reliability. These values are not easily installed anywhere, but the corporation, I think we would all agree, has worked hard over the years to ensure that they are the values by which Canada Post employees live day to day.

It is no exaggeration to say, honourable senators, that the corporation has undergone staggering changes. They have stood everything on its head. They have examined every process and questioned every assumption. They had to challenge their people every day. They demanded their creativity and their complete commitment. The process was tough on everyone from the floor of the post offices across the country to the top management, but this legislation before us will permit the employees who have done so much to make the Canada Post Corporation what it is today, to benefit. It will enable them to acquire a piece of the company and to benefit from the efforts they have put into its success.

For three consecutive years, Canada Post succeeded in earning a profit, not last year but the three previous years. As the only current shareholder, the Government of Canada has received payments from Canada Post of a not-insignificant-sum, $65 million. The strike last year by CUPW was probably the main reason for that unforeseen deficit, but management fully expects that the corporation will return a profit at the end of the present fiscal year and will continue to do so in subsequent years.

• (1620)

As we all know, businesses that do not offer a return on investment, that do not invest in the future, do not stay in business for very long. Donald Lander, the Chairman and Chief Executive Officer, told the Consumer and Corporate Affairs and Government Operations Committee on October 31, 1989:

> Just breaking even means in the long run that you go broke. If we (at Canada Post) fail to invest, to keep pace with the competition, or to introduce concepts for the business of moving information and goods, the future for the corporation and for its employees is bleak.

Honourable senators, Canada Post has been doing a lot better than just breaking even. It has invested in new plants, equipment, technology and infrastructure at a rate of about $400 million to $500 million per year, a total of over $2 billion since the incorporation. Over the past ten years Canada Post has developed and built new systems, brought in new standards and created a level of productivity which is, and I say this advisedly, among the best in the world. With fewer employees, Canada Post handles over 50 per cent more mail than was handled ten years ago. Upwards of 40 million separate pieces are delivered to close to 12 million homes and business addresses every day. The most telling and encouraging statistic is that they have done so with a 98 per cent rate of on-time delivery against publicly stated letter mail standards. Their delivery standards are monitored by an independent third party and the results are made public.

Canada Post's basic letter rate is the second lowest in the western industrial world in terms of working time it takes to earn the price of a stamp. This is a not insignificant feat, considering we have a population spread across six time zones and the largest land mass in the world, not to mention our sometimes inclement weather and inhospitable terrain.

The goal of these changes is to turn this corporation into a modern, efficient operation and to deliver the mail on time and at a reasonable cost.

Canada Post is also not simply a passive purchaser of technology. Through its partnership with other high-tech companies, it has worked to develop new systems and technologies which are world leaders. I understand that Canada is now selling its postal expertise to other postal systems across the world.

I think it is safe to say that, even five years ago, had any honourable senator stood in this chamber and suggested that post offices from other countries would be coming to Canada to learn something from Canada Post, they might well have run the risk of being laughed out of this house. But that is what is happening because the government of Canada allowed the management of the postal service the flexibility to create new and better ways to deliver the mail.

[*Translation*]

In such a context, honourable senators, what is more reasonable for Canada Post than to want to increase its investments and maintain and further its business successes?

What is more reasonable for this corporation than to make a new share purchase plan available only to its employees? I would like all honourable senators to understand me clearly: there is no question here of privatizing Canada Post. Shares will not be issued on the financial markets. As attractive as this plan may seem to my esteemed colleagues, they will not be invited to participate in it.

This is strictly an internal plan and applies only to Canada Post employees — for a good reason. Is it not reasonable, honourable senators, that employees benefit in a special way from the profits being made by the company to which they dedicate themselves every day?

It is thanks to the dedication of Canada Post employees that the corporation has achieved its present success. Yes, the employees were an integral part of this huge business adventure at Canada Post. Now the Government of Canada rightly would like to ask them to become an integral part of the future success of their company as well.

Honourable senators, this share purchase plan will do a great deal to help employees better understand the big issues facing their company and the importance for its managers to run the enterprise carefully and thoughtfully, so as to make the most of the opportunities for growth that will come in the future. In short, the Canadian government is not satisfied simply with the employees being responsible for the success at Canada Post; it also wants to make them the beneficiaries of this success.

This initiative will also put Canada Post on the same footing as many other companies, both in Canada and abroad, including its own competitors, which already give their employees an opportunity to benefit from their financial growth through similar programs. Such an offer to employees will no doubt also be an excellent way for the Corporation to attract and retain the new skills that it will always need.

Honourable senators, I trust I am not alone in thinking that such a plan will help instill in Canada Post employees a sense of belonging, increased pride and a healthy motivation to work for their own organization. This is exactly the attitude that all Canadians strongly want to see more of at Canada Post.

[*English*]

This is of even greater importance when one considers that when it was incorporated, Canada Post was well on its way to losing almost $1 billion a year. Let us make no mistake about it: This is a business — a business which is in competition with other businesses, not only with other couriers and delivery services, but also with new information transfer technologies such as fax machines, direct data transfers and

electronic funds transfers. In that competitive climate, the successful company will be the one whose delivery is the fastest, cheapest and the most consistently reliable.

As I mentioned earlier, Canada Post has been proving to Canadians, and to Canadian businesses which make up over 80 per cent of its volumes, that it can do the job. This legislation will help it do the job better.

Contrary to an image sometimes portrayed, the employees of Canada Post are hardworking, dedicated individuals who have a real commitment to building a better, more efficient and more profitable corporation. A more profitable corporation will not only ensure growth, it will protect the long-term employment of the people who work there. If Canada Post does not make a profit, it cannot employ as many people; it cannot continue to expand into new areas; and, sadly, it cannot provide the high level of service Canadians have every right to expect.

The government believes Canada needs and deserves a strong postal communication and distribution system as part of its basic economic infrastructure to compete successfully at home and abroad. Equally important, we believe that it must provide the Canadian public with the most reliable, cost effective postal communications and distribution possible.

• (1630)

Canada Post, honourable senators, is now successful because we gave it the tools to do the job. Bill C-73 will enable Canada Post to acquire another important tool to do an even better job. The employee share savings plan is meant to encourage workers at Canada Post to continue building on these past successes by enhancing their commitment to the continued goal of improving service.

This government believes that Canada Post must continue to work to improve service. Our support and direction have helped in that regard. Postal rate increases have been held below inflation, and that means that in constant dollars it is less expensive to purchase a stamp today than it was 10 years ago.

[*Translation*]

For that, it is essential to involve the employees, and I remain convinced that the share purchase plan provided in this bill will do a great deal to improve labour relations between Canada Post and its employees. As Senator Frith pointed out to me the other day, I am not often here. Therefore I am taking the opportunity to use my 45 minutes. Listen, stay alert. Is that not right, Senator Beaudoin?

Indeed, what is more motivating for employees than to feel that they have a special interest in their company continuing to grow, for them to be part of the destiny of the organization, in a way, and that when the company shows a profit at the end of the year, their investments increase in value as a result. Is that not an excellent way to improve the labour climate in a company?

When Canada Post changed its orientation, another huge task was to restructure its relations with its employees. It was able to reduce the number of bargaining units from nearly thirty to only six.

Canada Post is convinced that the great majority of its employees are still prepared to cooperate to make the company more profitable in future. It is sure of that because it knows the leading role its own employees have played in its recent successes. Most employees recognize that the corporation must be well run because it is in business, and failure to show a profit at the end of the year could disrupt the whole organization and endanger their own situation.

At the risk of contradicting Jean-Claude Parrot, the former union president, I wish to repeat that by encouraging employees to buy shares in the company, Canada Post is not putting profits before service. At Canada Post, service is the main concern. The corporation knows very well that if service is deficient, profits will soon fall.

The on-time delivery rate for mail rose to 98 per cent last quarter. Is that not proof that the quality of service is a top priority for Canada Post?

This achievement, which should please all of us, is certainly a tribute to the employees' commitment. We can talk all we like about the efficiency of machines; the human hand and brain are still a factor.

The ultimate goal of the corporation is therefore to eliminate, once and for all, the idea that it is the scene of continual conflict and power struggles. Many of its own competitors throughout the world have already succeeded in instilling a new spirit based on recognizing the employees' contribution, cooperation and sense of partnership. Canada Post wants to do the same.

[*English*]

Honourable senators, there would appear to be a number of misconceptions regarding the legislation and what it is to accomplish. I welcome this opportunity, *en guise de conclusion*, to set the record straight.

To have a positive impact, the plan that is proposed must be seen in a positive light by the employees who are to invest in the corporation. That is why it is essential for the rules of the plan to be the same for all those involved, whether in labour or management.

Although the details of the plan have not yet been finalized, the terms of the plan will reflect this overriding principle of fairness to all employees. Once adopted, the terms of the plan will be public and available to all. All employees will be subject to the same rules of participation, whether management or labour.

Participation in the plan will be voluntary, and the maximum contribution an employee can make to the plan will be a predetermined amount, as opposed to a percentage of salary. That, then, will guarantee that all employees, from the president on down, can make the same investment in their corporation. The record of shareholders will be kept private in order to respect the privacy of employees. The proper administration of the plan will be verified annually by the auditors of the corporation.

It is hoped and expected that these steps will ensure the plan contributes to improve labour relations at Canada Post. Of course, this is not a goal, honourable senators, that is guaranteed. It would be premature to say, now, that it will certainly have this effect. No one piece of legislation can accomplish that goal in itself, but I believe that an employee share savings plan is a tool — a useful and necessary tool — to help enhance the interests of workers in the growth and health of their company.

On the issue of privatization, the government has been very clear. The legislation before us simply permits Canada Post to create a plan. What it does not do is provide for the privatization of Canada Post.

This government has never hidden its intentions to privatize the corporation, and such is the case. When and if the decision is made that privatization is an appropriate course of action, the government would, of course, make no secret of such a decision. Legislation would have to be brought forward, because this bill before us specifically restricts the ownership of shares to the Crown and to employees of Canada Post. The merits of this plan, honourable senators, will determine its success with the employees of Canada Post.

Honourable senators, those are some of the reasons for which the government has put forward this employee share savings plan.

[*Translation*]

The government earnestly desires the unanimous support of this house for this bill which, as I already said, would establish a share ownership plan for the employees of Canada Post.

On motion of Senator Molgat, debate adjourned.

[*English*]

• (1640)

FARM CREDIT CORPORATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. Eileen Rossiter, moved the second reading of Bill C-95, to continue the Farm Credit Corporation and to repeal certain Acts in consequence thereof.

She said: Honourable senators, I am pleased to present Bill C-95, the Farm Credit Corporation Bill, for second reading. This bill is designed to modernize the provisions of the Farm Credit Act and of the Farm Syndicates Credit Act. This will be achieved by continuing the Farm Credit Corporation and considerably enhancing its ability to serve rural Canada.

It was 64 years ago this year that the federal government took the initiative to provide a stable and secure source of financing for Canadian farmers. The creation of the Canadian Farm Loan Board in 1929 gave birth to a proud tradition of federal farm lending at a time when the nation was in great need of farm development. Over the years farmers have continued to invest in Canadian agriculture in response to constant mechanization, diversification and a steady increase in the size of farms. During this period, FCC maintained its leadership role in agricultural finance and established itself as the largest single farm mortgage lender in Canada.

In response to more recent and profound changes in the agricultural sector, the Minister of Agriculture announced in December 1989 the establishment of a task force to review current and potential issues in farm finance and farm management. This task force, composed of federal, provincial and industry representatives, was charged with ensuring that its policy recommendations would create an agricultural industry that would be more market driven, more self-reliant, more sustainable and more sensitive to regional diversity. One of the key findings was that the FCC indeed represented a strong alternative source of credit to commercial financial institutions and that it stimulated competition in the marketplace, with the result that farm financing was more generally available and at a lower cost than might otherwise be the case. The task force recommended that the Farm Credit Corporation be given a clearly defined role to reflect this contribution.

Following this task force, the federal government went a step further by creating a working group on farm finance whose report in June 1991 again strongly supported a new mandate for the FCC. This ultimately lead to the introduction of Bill C-95 which is now before us for review. I emphasize that this bill is in line with extensive direct industry consultation and the recommendations of all provincial ministers of agriculture. Throughout the legislative process there has been excellent support and cooperation with members of all parties of the House of Commons.

The farm community has also welcomed this bill from the time it was introduced in the House of Commons on November 26, 1992. Comments from industry sources indicate a sense of excitement about the policies for rural

development promised by a modernized FCC. In fact, farmers have been asking for an FCC that could react quickly to changes in the marketplace, thereby helping citizens of rural Canada to finance innovative proposals that would strengthen their operations and, consequently, their communities.

Honourable senators, as Bill C-95 states:

> The purpose of the Farm Credit Corporation is to enhance rural Canada by providing specialized and personalized financial services to farming operations, including family farms, and to those businesses in rural Canada, including small and medium sized businesses, that are related to farming.

In this sense the bill is an enlightened and permissive piece of legislation that will indeed increase FCC's operating flexibility to meet the needs of Canadian farmers and to assist the farm sector in adapting to the new economic realities of the 1990s and beyond. This broadened purpose recognizes the importance of maintaining and enhancing rural revitalization and development initiatives by encouraging farm diversification, value-added production and the development of niche markets.

Under the legislation the FCC board of directors will be able to establish the corporation's interest rates in response to changing costs of funds and market requirements. The proposed legislation will also enable the FCC to guarantee loans, opening the door to new possibilities in the area of intergenerational transfers of farm land within farm families.

The FCC will continue to lend for all farm purposes such as purchasing or improving farm land and buildings, as well as for consolidating debts. This new legislation extends FCC's ability to make loans to farmers with off-farm income, thus recognizing the fact that, today, over 35 per cent of farmers have off-farm income. Many farmers today look forward to such challenges in order to broaden their perspectives and stabilize their income. FCC will expand its lending to value-added diversification on the farm and farm-related business enterprises off the farm. This initiative recognizes the vitality of Canadian agriculture and the contribution that adding value to basic farm commodities will play in our future.

The new FCC bill will serve farmers better by allowing the acceptance of all types of security for loans from real estate to promissory notes and other items of value such as quota. The FCC will be given the power to enter into agreements with any department or agency of the Government of Canada or of a province, or with any other person or institution. This will allow the sharing of expertise in the efficient use of resources for the benefit of farmers.

As the corporation's mandate expands, specialized financial counselling services provided by the FCC will continue to play a vital role. The FCC employs professional agrologists working as front line advisors. These farm finance experts, for the most part, have been raised on farms, still have family actively farming and hold university agricultural degrees. FCC credit advisors are empathetic financial counsellors who understand the realities of managing a farm business, a characteristic that sets the FCC apart from its competitors and one of the reasons why the FCC is the preferred farm lender in survey after survey.

In summary, honourable senators, the aim of this legislation is to ensure that the FCC can effectively meet the evolving needs of rural Canada by encouraging on-farm diversification, value-added production and the development of new markets. At the same time, the FCC will continue its long tradition of excellent service to primary producers, the farming men and women who will continue to represent the bulk of its clientele. Without a doubt, the FCC is committed to the success of Canadian farmers. I am proud to speak in support of Bill C-95 and I congratulate members of both sides of the house and of the Senate on working together for the passage of this legislation.

On motion of Senator Molgat, debate adjourned.

COPYRIGHT ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Chaput-Rolland, seconded by the Honourable Senator Beaudoin, for the second reading of Bill C-88, to amend the Copyright Act.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, for Senator Chaput-Rolland, I move that this bill be read the second time.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I am quite happy to support the motion. I had almost come to the conclusion that the mysterious senator who the Deputy Leader of the Opposition told me wanted to speak on this bill had somehow or other disappeared. As far as we are concerned, we are anxious to see it go to committee.

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

Hon. Senators: Agreed.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Lynch-Staunton, bill referred to the Standing Senate Committee on Transport and Communications.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I know there is a bill on which Senator Corbin would like to speak. I suggest that if no other senator wishes to speak, we let all the other items stand and proceed to that bill.

[*Translation*]

EXCISE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Hébert, for the second reading of Bill S-14, an Act to amend the Excise Tax Act. (*Honourable Senator Corbin*)

Hon. Eymard Corbin: Honourable senators, I may go slightly over 15 minutes, but I hope I will be allowed this minor extravagance.

On September 23 last year, Senator Frith, the Leader of the Opposition in the Senate, tabled Bill S-14, to amend the Excise Tax Act. It would have the effect of excluding all reading material from the application of the GST. This bill is the second attempt at amending the legislation, since November 1990.

After the GST came into effect on January 1991, Canadians thought, and apparently they were wrong, that the government would reverse its decision to tax books and would exempt reading material from the GST. Statements by ministers and by the Prime Minister himself had led Canadians to believe that an amendment was imminent to correct this serious error. However, no legislation was forthcoming. The idea never materialized. That is why Senator Frith took the step of rousing the government benches out of their stupor while giving the government a chance to clean up its act, which would undoubtedly be to its political advantage.

No modern government should impose a tax on learning, education, reading and knowledge. The GST, which is having a severe impact on some printed matter, is in fact a regressive tax. It aggravates our national illiteracy problem. It is a barrier to the development and circulation of ideas. It is a kind of censorship, a penalty imposed on those who wish to publish, to learn, to improve their skills or simply get the information they need.

A government that calls itself progressive has a duty to guarantee to the greatest possible extent the free circulation of ideas and knowledge and to respect that freedom, won after centuries of struggle. These are conditions that are basic to the development of an enlightened and modern society.

Well before the GST came into force, the government was aware of the consequences the imposition of that tax would have for reading materials. Already in 1986, the Department of Communications had before it a study demonstrating that an increase of one tax point would result in a drop in sales of as much as 2.5 per cent.

After a year under the GST, the "Don't tax reading" coalition, consisting of writers, publishers, book sellers, teachers and consumers from every nook and cranny of Canadian society, informed us of the disastrous impact of the tax on the books and periodicals industry.

In 1991, book sales dropped by 10 to 20 per cent, while subscriptions plummeted by 50 per cent. Sales of newspapers and magazines at news stands dropped by 10 to 15 per cent. In 1991, the GST was also responsible for a 5 per cent drop in the circulation of Canadian newspapers, something we had not seen in this country in the past 50 years. These net losses have had repercussions on employment, supply, profits and new investment. And add to all that the fiscal shortfall for governments.

The GST's impact was felt not only by the producers but also by the users and consumers of printed matter: students, researchers, libraries, publishers and writers. None were spared.

French-language publishing suffered even more because of limited resources, translation costs, competition, imports and a more limited market in this country than is the case for English-language publishing, although I will admit the latter has also been hard hit. My point is that French-language publishing has far less room to manoeuvre.

Although Senator Hébert has already given us his insights, he may wish to speak again on the specific problems facing publishers, writers and the public in Quebec.

Francophone communities scattered across the country, which are fighting for their cultural survival, are doubly penalized, because where access to French-language books and publications was already limited, the GST has now made learning the intricacies of one's mother tongue and one's culture an even more hazardous proposition. Without oxygen, life cannot be sustained. In this case, the GST on French-language books and publications becomes one more factor that encourages assimilation, as though we needed that, in addition to all the other problems facing French-language minorities in Canada, including some inflicted by this government and some by the provincial governments.

That aspect of the question was completely ignored by Senator Simard in his speech on March 1.

I hope Senator Simard — he will be able to read my speech since he is not here today — will realize that the GST on books aggravates the problem of illiteracy in this country. A study published in September 1991 by Statistics Canada concluded that more than one-third of Canadian adults had at least, and I quote:

> — some difficulty in dealing with reading, writing and arithmetic.

The study also revealed that 16 per cent of Canadian adults were, and I quote:

> — limited in their capacity to read

and are incapable of meeting most of the demands of daily reading.

The economic cost of a poor education and illiteracy must be borne by other Canadians and their governments. Eliminating the GST on books would certainly help reduce this burden in the short and long term. The country's economic situation and the quality of the cultural life of all Canadians would certainly be enhanced.

In 1988, the Canadian employers' task force on illiteracy estimated the direct annual cost of illiteracy at $4 billion for Canadian business and $10 billion for society in general. This study on the impact of functional illiteracy on production is only an estimate, but it clearly shows the negative impact even a slight increase in illiteracy rates can have on the economy.

In his speech on March 1, Senator Simard recommended that his colleagues reject the bill. In my opinion, he failed to take advantage of the opportunity that was given in this debate to correct his myopic partisan stand and decided to attack the Liberal Party and its leader instead. In his case, that came as no surprise. For once, I would have liked to have seen him address the fundamental issues and set aside strictly partisan considerations. Is that too much to ask? Canadians who are paying through the nose because we have this damned GST on books don't care who scores politically. They just want us to get rid of an iniquitous tax that strikes at what is noblest in the individual: his intelligence, his potential and his thirst for freedom.

Ten months before this bill was tabled, Senator Simard claimed to be very concerned about the fate of the publishing industry in this country, and he gave the impression he would like to see changes in the Excise Tax Act to provide relief for the publishing industry. In a question he put to Senator Murray on November 19, 1991, he said, and I quote:

> Nevertheless, the tax on books is a problem.

He asked whether the government would propose an exemption or measure that would — and I will quote what he said:

> — foster the sale of books and thus provide relief to editors and potential buyers — I would like to get from Senator Murray assurances that, like several of us, he will keep doing his best to bring relief to this segment of the industry.

That was on November 19, 1991, ten and a half months after the GST took effect. Is that the same Senator Simard who, sixteen months later, ended his speech on March 1, 1993 with these words:

> I urge you not to support Bill S-14.

The government that the senator supports is bitten by the same bug.

The last two speeches from the Throne contained pronouncements of pious intentions. The government seemed serious about fighting illiteracy.

To be sure, I admit that the government contributed a little to literacy programs, but the total absence of specific measures to exempt reading matter from the GST is overwhelming proof of its inconsistency and lack of courage.

Some claim that exempting books, periodicals and newspapers from the GST would make the tax harder to collect because books and periodicals are found in all kinds of stores. This argument does not hold up. Just look at what happens at the cash register. Businesses must handle an amazing variety of taxable products and others that are non-taxable. Labelling methods and cash registers that contain computers and software for this purpose can quickly and efficiently classify items on the basis of which provincial and federal taxes do or do not apply. High technology comes to the rescue in collecting the GST, as it could help in exempting books from the GST. It is just a matter of doing it.

The argument that exempting books and magazines would complicate the system for collecting the GST does not stand up at all!

The most alarming thing is that the GST affects just as much those who need to buy books for their development and advancement. No one needs to have a doctorate in literature or economics in order to see that such people stand to gain the most by making themselves more effective and capable in all fields of human activity. The GST has in effect made books, periodicals and even newspapers luxury items. Is there any better way to downgrade intellectual values?

Senator Simard said that he was concerned about the cost if Bill S-14 passed. He estimated it would be $125 million. No doubt he got that figure from the government. He asks how we would make up this shortfall if we removed the GST on books.

In fact, he should have put the question differently, because the absolute cost of imposing the GST on books is far from

negligible, as I noted before. It results in a crushing social and intellectual deficit.

I may perhaps attempt a solution for Senator Simard's problem. On Thursday, March 18, at hearings of a committee of the House of Commons on omnibus Bill C-92, two specialists in tax law, Sidney Goldstein, an eminent lawyer from Ottawa, and Neil Brooks, vice-dean of Osgoode Hall law school, said that the federal government is forgoing hundreds of millions of dollars in tax revenue by prolonging the tax shelters which favour wealthy families. I quote Mr. Brooks:

[*English*]

• (1700)

> Well, two things. One, the government should be able to produce those numbers. Number one, Revenue Canada should be publishing aggregate numbers on the tax liability of private —

He means "family".

> — trusts. Number two, Stats Canada should be asked, in fact, to do a survey and discover the value of assets held in private trusts. In the absence of that, we do not know.

The Hon. the Speaker *pro tempore*: Honourable senator, the rules require me to point out that your 15 minutes has expired.

Senator Corbin: May I continue? I have three minutes. The quotation is a little lengthy. I suffered through Senator Meighen's speech, so perhaps you could suffer me a little longer.

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

Hon. Senators: Agreed.

Senator Corbin: Mr. Brooks says:

> Let me tell you this. I do know that virtually every lawyer I talk to who handles large estates has a number of trusts they are not going to be able to roll out in order to avoid the tax on this 21-year deemed disposition. If you assume that if all the lawyers I have talked to have some number of these trusts, there are probably 500 of them across the country and if you assume that the average tax liability for them is in the order of $500,000—

For each of them —

> — that is $250 million.
>
> Or think about it this way. Take really conservative figures. We do know that there is likely to be $10 billion or $15 billion held in these trusts anyway. Let us assume that one-half to three-quarters of it could be rolled out. That leaves $3 billion to $5 billion of assets in these trusts subject to tax.
>
> Let us assume that about one-half of the value on those assets is gains, which is not unreasonable at all. Let us assume that three-quarters of it gets included in your taxable income. You are talking hundreds of millions of dollars.

Mr. Brooks concludes:

> I do not think there is any question that there is a substantial amount of revenue at stake. Indeed, if there was not a lot of revenue at stake, why is the tax bar so desperate to get these measures —

The measures contained in Bill C-92 —

> — through? Well, because their clients are going to pay substantial tax if you do not pass this measure.

[*Translation*]

These two prominent experts are wondering why, in these difficult recessionary times, the government would agree to miss out on hundreds of millions in revenue, which admittedly has implications on the already crushing tax burden of the middle class. According to these experts, such a decision is inexplicable and its effects are immoral.

Senator Simard now holds the keys to solving his fictitious dilemma. It is up to him to bring pressure to bear on his caucus to get the government to address these tax iniquities.

I must remind the honourable senators, in closing, that never in the 125 years since the founding of this country had a government dared tax books and publications. The GST on books is unprecedented. We can't wait to abolish it, just like the Australian electorate recently decided to, based on their scrutiny of the Canadian experience.

Honourable senators from both sides of this house, including those who voted for the GST in 1990 "by order of Mr. Mulroney", here is your chance to straighten things out because you were obviously — there is no doubt about it — on the wrong track. Vote for this bill at second reading so it can promptly be referred to committee for an objective consideration of its merit.

On motion of Senator Molgat, debate adjourned.

The Senate adjourned until Monday, March 29, 1993, at 8 p.m.

THE SENATE

Monday, March 29, 1993.

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

Prayers.

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that Terrance R. Stratton has been summoned to the Senate.

INTRODUCTION

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons, which was read by the Clerk Assistant; took the oath prescribed by law, which was administered by the Clerk; and was seated:

Hon. Terrance R. Stratton, of Winnipeg, Manitoba, introduced between Honourable Lowell Murray and Honourable Janis Johnson.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

Hon. Lowell Murray (Leader of the Government): Honourable senators, Senator Stratton's political affiliation and his participation in politics, which have been at a high level and of a high quality in the Progressive Conservative Party, have, not surprisingly, been emphasized in the media coverage of his appointment to this place. Less attention, however, has been given in media coverage to other facets of his career that are at least as well-known and at least as highly appreciated in his province of Manitoba. Senator Stratton has served as a managing partner with a company specializing in architecture and architectural development. He has also served as an instructor of civil architectural technology at Red River Community College in Winnipeg. Senator Stratton is the president-elect of the United Way of Winnipeg and currently serves as its senior vice-president. He has also served as a member of the Board of Regents of the University of Winnipeg and as a director of the Winnipeg Football Club, among many other activities of an important nature in terms of service to his community and his province.

I draw attention to these matters simply to underline the fact that all who know the Honourable Terrance Stratton are confident that he will make a constructive contribution to the Senate and to Parliament. We on this side are delighted to welcome him as a colleague.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, in spite of widespread mythology to the contrary, the Senate of Canada is a place that provides many opportunities for constructive and independent-minded service to the people of Canada. I congratulate our new senator on having been given the opportunity to play a role in that respect.

SENATORS' STATEMENTS

SASKATCHEWAN

ECONOMIC UPSWING—CURRENT STATISTICS

Hon. Efstathios William Barootes: Honourable senators, I wish to take this opportunity to draw to your attention some of the new economic facts in my province of Saskatchewan. We have gone through some pretty dreadful years as far as agriculture is concerned, but there is a little light showing now. The Conference Board of Canada forecasts that personal disposable income will rise by 2.6 per cent this year. The inflation rate in the city of Saskatoon, which had been averaging 7.6 per cent from 1980 to 1984, has, in the last seven years under this administration, dropped to around 4.4 per cent.

Senator Thériault: Nobody has any money.

Senator Barootes: Would the honourable senator like to hear the rest of it, or would he like to read it himself? I want to make a statement.

Senator Di Nino: We certainly want to hear the honourable senator.

Senator Barootes: Bad news bothers these people, and good news bothers them. I don't know what they want.

Senator Di Nino: Everything bothers them.

Senator Barootes: Housing starts for this January are up 6 per cent over last year. Exports from Saskatchewan are up 135 per cent from 1984 to 1991, and this past year they rose by 13 per cent. Our manufacturing shipments from Saskatchewan are up 26 per cent from 1984 to 1991 and for this year, January over January, they are up by 36 per cent. Retail sales from 1984 to 1991 are again up 23 per cent, and year over year, from December 1984 to December 1992, they are up by 32 per cent. This is an enormous rise over the last short period, being 7 per cent from 1991 to 1992.

In addition — and this is perhaps the best news of all — bankruptcies, which were so rampant in our western provinces, are down by 18 per cent in Saskatchewan this January over the same month last year. I simply wanted to bring that to the attention of honourable senators.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, because Senator Barootes has raised the subject, I will say something about it.

I recently received a letter from a former colleague of ours, Senator Buckwold, in which he told a story to illustrate that things were difficult in Saskatchewan. The story was that Premier Romanow sent a telegram to Prime Minister Mulroney in which he stated, "Things are very tough here. Please send money." The Prime Minister wired back, "Things are tough everywhere. Tighten your belt," and Premier Romanow then sent a telegram back saying, "Please send belt."

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): For 131 days now, the government has shown — according to Senator Murray — political cowardice and contempt for the democratic process because of its failure to hold a general election. That is 131 days.

Senator Murray: It will still come too soon for you fellows.

Senator Frith: Just try us.

Senator Molgat: Any time you want.

ROUTINE PROCEEDINGS

THE ESTIMATES, 1992-93

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (C) ADOPTED AND PRINTED AS APPENDIX

Hon. H.A. Olson: Honourable senators, I have the honour to present the twentieth report of the Standing Senate Committee on National Finance concerning the examination of Supplementary Estimates (C) laid before Parliament for the fiscal year ending March 31st, 1993. I ask that the report be printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day, and that it form part of the permanent records of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(For text of report, see today's Minutes of the Proceedings*)*

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): The report seems to be the standard report for Supplementary Estimates. Therefore, with leave, we could adopt it now, but I am not insisting.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I will have to ask for the recommendation of my colleague the Chairman of the Committee, who represents our group.

Senator Olson: Honourable senators, I have no objection to that suggestion. Tomorrow morning we will be dealing with another bill in the same manner, so that procedure is acceptable to me.

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

Hon. Senators: Agreed.

Senator Olson: Honourable senators, I am not quite sure of all of the traditional patterns of this committee, and therefore I will try not to disturb what is a well-established pattern. However, I understand that the pattern is for the Chairman to make a little speech, and in this case it is two pages in length.

Honourable senators, your committee held one meeting to review Supplementary Estimates (C), 1992-93, on Thursday, March 25, at which officials of the Treasury Board Secretariat appeared as witnesses. As the report indicates, Supplementary Estimates (C) are the final Supplementary Estimates for the 1992-93 fiscal year. They consist of $282.6 million in appropriations to be voted in Bill C-119, of which $255.2 million is budgetary and $27.4 million non-budgetary, and $1,725.9 million in statutory expenditures — $1,661.2 million budgetary and $64.7 million non-budgetary — which appear in the estimates for information only. The budgetary and non-budgetary totals are $1,916.4 million and $92.1 million respectively, for a grand total of $2,008.5 million in Supplementary Estimates (C).

Total Estimates tabled for the 1992-93 fiscal year, including these Supplementary Estimates, amount to $162.941 billion, consisting of $162.252 billion in budgetary expenditures and $688 million in non-budgetary expenditures. However, total budgetary expenditure projected in the February, 1992 budget and the 1991-92 Main Estimates — otherwise known as the expenditure framework — is $158.4 billion, or $3.9 billion less than the total Estimates tabled. The Treasury Board has undertaken to provide the committee with the appropriate reconciliation as soon as possible.

Your committee conducted its usual thorough review of these Supplementary Estimates. Questions were addressed by the members to the witnesses on a variety of subjects, including: The costs of the constitutional referendum in October, 1992; the loan guarantees paid by the government to private sector lenders under the former Enterprise Development and Industrial and Regional Development Programs, in particular the $81 million paid out so far with respect to the closure of the Westray coal mine of Curragh Inc.; the forgiveness of loans of $55 million to Egypt and $24.6 million to EXPRO Chemical Products, an ammunition manufacturer and a former Crown corporation that has experienced financial difficulties; United Nations peacekeeping operations; transfer payments from the federal government to the provinces with respect to stabilization, health and post-secondary education; and the history of freezes and rollbacks since January, 1985 in the sessional and expense allowances of ministers and members of Parliament.

With respect to the federal-provincial transfers, where the increases in the Supplementary Estimates are substantial, the officials informed the committee that, since the Established Programs Financing formula is based on provincial population and the tax points component of the transfer has declined because of reduced economic activity, the cash portion, which appears in the Estimates, had to be correspondingly increased.

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

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present the following petitions signed by 120 citizens of the province of Quebec who object to the goods and services tax.

These petitions come mostly from Esplanade, Dollard-des-Ormeaux, La Prairie, Cantley, Hull, St-Césaire and Montreal.

I also have the honour to present petitions signed by 150 citizens of the province of British-Columbia who object to the goods and services tax.

These petitions come mostly from Vancouver, Delta, Penticton, Port Moody, Richmond and Victoria.

There is a total of 270 signatures on the petitions presented today. These petitioners object to the GST and more specifically to its application to books and periodicals, contrary to what is done in most civilized countries.

[Senator Olson]

Fortunately, the Senate will have the opportunity to correct that situation by passing Bill S-14 in the near future.

MOTOR VEHICLE SAFETY BILL

MESSAGE FROM COMMONS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that a message has been received from the House of Commons which reads as follows:

HOUSE OF COMMONS
CANADA

Monday, March 29, 1993

AMENDMENTS made by the House of Commons to Bill S-8, passed by the Senate, entitled: "An Act to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, injury and damage to property and the environment":

Clause 7

Strike out lines 21 to 33, on page 5, and substitute the following therefor:

"(2) Except as otherwise provided by the regulations, a vehicle that has been sold at the retail level in the United States and that fails to satisfy an applicable requirement of section 5 or 6 may be imported into Canada notwithstanding that section if the person importing the vehicle makes a declaration in the prescribed form and manner that, before the vehicle is presented for registration under the laws of a province, the vehicle

(a) will be made to conform to that requirement; and

(b) will be certified in the prescribed form and manner to so conform by such person as may be designated by the regulations."

Add immediately after line 44 on page 5, the following:

"(4) A vehicle that is imported into Canada must conform to the standard prescribed for the class of equivalent non-imported vehicle, or made to conform to this standard prior to the presentation for registration under the laws of a province."

ATTEST

Robert Marleau
Clerk of the House of Commons

On motion of Senator Lynch-Staunton, message placed on the Orders of the Day for consideration at the next sitting of the Senate.

ORDERS OF THE DAY

GOVERNMENT EXPENDITURES RESTRAINT BILL, 1993 NO. 2

SECOND READING — DEBATE ADJOURNED

Leave having been given to proceed to Order No. 4:

Hon. Roch Bolduc moved the second reading of Bill C-113, to provide for government expenditure restraint.

He said: Honourable senators, it is my privilege to lead off the debate this evening on second reading of Bill C-113, to provide for government expenditure restraint.

These measures are essential to the government's efforts to contain the deficit and to maintain an environment that supports economic growth and increased employment.

This bill takes action in a number of specified areas. First, it will impose a freeze on salaries for elected representatives and government personnel.

Second, it provides for changes to the Unemployment Insurance Act so that average benefits payable to claimants over the next two years remain at average 1992 levels. It also provides for claimants who leave their jobs voluntarily and without just cause or are fired as a result of misconduct to be ineligible for UI benefits.

Third, it provides for the reduction by 10 per cent of certain regional transportation subsidies where the decrease requires legislative amendment.

Finally, it will implement a 10 per cent reduction in federal payments under the Public Utilities Income Tax Transfer Act.

I may point out that the measures in this bill were proposed only after a detailed impact study. The government proposes these measures because it is determined to strengthen economic recovery so that all Canadians will benefit. Deficit control is a key foundation for Canadian investment, for Canadian competitiveness, for growth and for job creation.

Before going into the details of this bill, perhaps I may recall for this house the circumstances that made this bill indispensable, in terms of both public opinion and pressure on public finances. The deficit and debt issue lies at the heart of many important decisions Canadians and all levels of government in this country will have to make in 1993. I think this is particularly true when we look at what is happening in Ontario and Quebec.

The importance of showing restraint in public spending was one of the messages the Minister of Finance received constantly in the course of recent consultations with private sector groups, in preparation for the next budget. Most senators will not be surprised at the consensus that emerged from these discussions. It reflects the fact that Canada is becoming increasingly aware of what it must do to prosper in today's highly competitive global economy.

The first message, of course, is that people want the government to do everything in its power to stimulate job creation and increase confidence, which in turn will enhance growth. The two other messages, however, are equally important.

Canadians insist on concrete measures to reduce and eliminate a public debt load which already handicaps our economy. In stressing this aspect, Canadians show they are mindful of the warning signals sounded recently by Canadian and foreign observers, to the effect that deficit and debt control is essential to the prosperity of this country. For example, in the United States, President Clinton has talked about the need to increase taxes and reduce spending in order to bring their government finances under control.

A report of the C.D. Howe Institute in Canada warns of the dangerous consequences, including the possibility that foreign lenders may eventually withdraw from Canada, of the continued lack of discipline in public finances.

A recent program on the CTV network reiterated this warning, reminding Canadians of the rigorous financial discipline imposed on New Zealand when lenders, faced with its debt, threatened to cut off its money supply.

The message is clear.

Borrowing by the various levels of government to cover their deficits puts a large upward pressure on current interest rates and on future taxes. It also eats away at the savings available to business for productive investments in technology, training and personnel development, which are the basis for increased competitiveness and job creation. They are obstacles to growth that we are unable to deal with.

This brings me to the third message from Canadians. People say, and are telling all governments, federal and provincial, that they do not want the deficit to be fought with more tax increases.

Common sense tells us that we cannot restore confidence, stimulate growth and strengthen global competitiveness by adding to what is already one of the heaviest national tax burdens in the world.

An article in this week's *Economist* shows us the situation Canada is in. It is not funny. It is not a pretty picture!

In 1991, taxes of all levels of government took nearly 40 per cent of our gross domestic product.

I even saw an article from the Fraser Institute saying that 50 per cent of the money in Canada goes through the governments' hands.

This is a higher proportion than in Germany and Great Britain, and much higher than for our two main trading partners, the United States, where the tax rate is about 29.9 per cent of GDP, and Japan, where it is 31.1 per cent of GDP.

These messages indicate that the government's policies are in line with the opinion and expectations of most Canadians. It is not popular, but I think that we must do it!

Most people agree with the general thrust of the February 1992 budget and the December economic statement, which provided tax reductions for individuals and for the manufacturing and processing sector, measures to stimulate other key sectors of the economy such as small business and home building, and strict control of government spending.

This brings me to our present financial problem, which is of course directly related to our present economic situation.

The Canadian economy grew last year, but barely 1 per cent. Although growth was strong in the fourth quarter, 3.5 per cent, it was export-driven. Domestic demand remained relatively hesitant.

But there are encouraging signs, in particular stronger competitive ability based on low inflation — the lowest in 30 years — low interest rates — the lowest in about 20 years — and higher national productivity, which has increased considerably.

Nevertheless, the actual total growth rate last year was less than the government expected, while domestic demand remained weaker than we had hoped. This situation puts real pressure on the state of our finances, because of the impact on tax revenue. This is why we must implement the measures proposed in Bill C-113.

Economic growth does indeed play a role in deficit reduction. However, we cannot rely only on growth and on federal revenue to make up for the accumulation of interest costs generated by our national debt. The debt will always be higher.

For example, this year these costs total some $40 billion. Therefore, even if we eliminated the whole federal administrative structure tomorrow, only 13 per cent of government spending would be affected. To get back on the right track, we must cut spending even more.

This brings me to the details of the legislation. Let me tell you about the main points in each of the four areas of proposed action. Bill C-113 proposes freezing the salaries of some 390,000 employees in the public sector. This freeze will also happen in Ontario and Quebec where provincial governments will implement it for the next two years. It should allow government to save $800 million during that period.

This measure affects, among others, the members of the House of Commons and the other Parliamentarians, the Governor General, the Lieutenant Governors of each of the provinces and the federal judges. I do not feel this will jeopardize the independence of the judiciary, contrary to what was said on that subject. The salaries will also be frozen for all federal civil servants.

All employees of Crown corporations who depend on parliamentary appropriations and who are not competing with the private sector will also have their salaries locked in at current levels. Crown corporations that depend on parliamentary appropriations and are competing with the private sector will receive funding established on the basis of frozen salaries.

Let me stress the fact that this wage freeze comes with a 3 per cent cut in the operating budgets of all federal departments in addition to the 2 per cent cut imposed last autumn. Because of the wage freeze and operating budget cuts, the total operating cost for the government will be 5 per cent lower than what was expected for the next two fiscal periods.

I would like to stress two points that anticipate some of my colleagues' questions. First of all, legislation aimed at cutting salaries still allows the Public Service to bargain collectively on many non-monetary issues as well as on the terms and conditions of employment in the public service as a whole. I understand that civil servants are not pleased and that they have decided to turn this into a political issue. That is not the way to deal with the problem. Particularly as regards the travel policy, they have indeed decided they wanted to fight government down and play politics.

When these measures were adopted it was not to allow civil servants to play politics. They were given the right to collective bargaining, not the right to turn things into political issues. They were given the right to bargain, and in this respect they are entitled to speak to their employer. They can tell him what they wish but that does not mean that they should be allowed to play politics and say that the government should be defeated. They have gone too far. They have an obligation to behave discreetly and they have forgotten all about it, I can tell you that.

I was referring to such things as travel policies, guidelines on isolated posts, health insurance benefits, and dental care benefits. This is an area where they can negotiate a lot of things.

Secondly, I want to say that the civil service cannot carry the burden of these budget restraints all by itself. The announcements made on December 2 will result in savings of some $8 billion. The freeze on public service salaries will account for only about 10 per cent of that.

I now come to the more controversial aspects of this bill, the amendments to the Unemployment Insurance Act. These changes should result in total savings of about $850 million for 1993-94 and $1.6 billion for the following year.

That is what we are aiming at when we deny benefits to those who voluntarily quit their jobs without just cause. We will no longer pay benefits to those who resort to unemployment insurance not out of need, but as a matter of lifestyle. Such costly abuse of our UI system increases premiums to be paid by employers and workers and adds to the taxpayers' burden.

Honourable senators, I would like to add my voice to the voices of those who are trying to counter the fear-mongering from certain quarters. The Unemployment Insurance Act already identifies valid reasons for voluntarily quitting one's job. We know that precedents have been set for only about forty, including sexual or other harassment, the obligation to accompany a spouse or dependent child to another residence and the obligation to care for a child. Furthermore, the act states that working conditions which are dangerous for health or safety are a valid reason. Honourable senators, it is wrong to say otherwise, and anyone concerned about women's issues or worker safety should know that.

Nevertheless, to assure Canadians, this bill explicitly lists eight other situations that constitute just cause. These situations all have legal precedents. Here they are: reasonable assurance of other employment in the immediate future, excessive overtime work or refusal to pay for overtime work, significant changes in work duties, significant modification of terms and conditions respecting wages or salaries, antagonistic relations between an employee and a supervisor for which the employee is not primarily responsible, practices of an employer that are contrary to law, discrimination because of membership in an organization of workers, undue pressure by an employer on employees to leave their employment.

We also explicitly recognize the special needs of workers and their families by broadening the definition of just cause for child care to include care for any member of the immediate family.

Other aspects of the commission's policy are also spelled out in the bill. For example, workers who quit their jobs because they are harassed sexually or otherwise will have their applications heard with sensitivity and respect for their privacy, and without having to meet those who harassed them. The officers' role will be somewhat similar to that of "hearing examiners" on administrative boards in the United States.

I would like to emphasize again that there is already an arbitration system of claims which is fair and efficient to ensure that people who voluntarily leave their jobs are not submitted to an examination which is not objective. In fact, the officer will have to hear both parties before making a decision. With this bill, we want to ensure that the system is just in practise as well as in principle, and that workers are better informed of their rights.

Another segment of the changes made to the Unemployment Insurance Act will also reduce the benefit rate for new claimants starting the day the bill will receive Royal Assent. The benefit rate will be reduced from 60 per cent, the present rate, to 57 per cent of insurable earnings for the next two years. Since we are expecting that wages will go up by 3 per cent, this measure will have the effect of blocking average UI benefits at today's level for the next two fiscal years.

If the government had not acted in this way, it would have had to take other measures which would be more disruptive for the economy because the unemployment insurance fund is registering a heavy deficit — as you know, $4.5 billion or $5 billion shortfall. In the meantime, the government must fill that shortfall by raising the employee and employer contributions, by drawing additional funds from the general tax revenue or by allowing the shortfall to worsen.

Those who disagree with this legislation, honourable senators, should remember that every Canadian has a part to play in restoring a healthy economy. I do not think it is fair to let benefits go up while, because of the current difficult economic situation, the federal government must freeze its workers' salaries and while employees from many privates companies accept pay cuts in order to keep their jobs.

I recently read something which might give Senator Corbin some food for thought: "The unemployment insurance program delivers 54 per cent of its benefits to families whose incomes are above the national average". So that's nothing to cry over.

I would now like to deal with regional transportation subsidies. With this bill, payments made under the Atlantic Region Freight Assistance Act and the Maritime Freight Rates Act will be reduced by 10 per cent over the next two fiscal years. These payments are to cover the costs associated with shipping certain freight to the four Atlantic provinces as well as to the Gaspé area in Quebec. This cut in transportation subsidies will allow government to save some $10 million each year.

This measure does not result from a deliberate decision to hit specific programs. It is, rather, a 10 per cent reduction across the board of government contributions and subsidies announced back in December. Also, government is ready to work together with the groups affected by this measure to ensure that savings are made through the most appropriate and efficient means. I would also like to remind my colleagues that, to a large extent, this government is subsidizing investments in the transportation infrastructures of Atlantic Canada. In so doing, it seeks to better target spending so as to create new jobs and ensure long-term economic activity in that area.

Then, Bill C-113 proposes a new formula for federal payments under the Western Grain Transportation Act. The rate-fixing formula will be changed in order to reduce federal spending by 10 per cent during the 1993-94 and 1994-95 crop years. Savings over that period are estimated at close to $73 million a year.

Again, the purpose of this measure is not to impose an unwarranted burden on a region or a sector of activity in particular in order to decrease the deficit. Even if there have been reductions in many sectors, the farm revenue safety net in Canada is one of the main sectors the government has spared in its budgetary cuts, the others being veterans and old age pensions, training programs and programs for the handicapped.

We know these are hard times for farmers, and I can assure this house that the government will not waver in its commitment to assist the agricultural sector. According to the latest statistics, between 1985 and 1992, the federal government has provided $17 billion in direct assistance to Canadian farmers.

Finally, this bill proposes that the amounts to be paid under the Public Utilities Income Tax Transfer Act be reduced by an amount equal to ten per cent. That act provides for the transfer to the provinces of 95 per cent of the federal income tax collected from privately owned electric and gas utilities.

The February 1990 and February 1991 budgets had frozen those transfer payments at the 1989-1990 levels. However, that measure did not allow any savings, since the payments made for the last two fiscal years have been well below the fixed ceiling.

It would not be fair, honourable senators, to exempt payments made under this act when there are cutbacks in almost all other government programs. Consequently, the government has decided that a slight reduction was necessary. This measure will allow savings of some $24 million in 1993-94 and $25 million in 1994-95.

In closing, I want to say that the government would rather not have to restrain expenditures in areas such as unemployment insurance and transport subsidies. It does not take pleasure in freezing the salaries of public servants as well as elected and appointed representatives. Those measures really affect people, and the government is well aware of that. But the stark reality is that Canadian governments can no longer live beyond their means. We have to take the necessary measures in order to control the debt resulting from decades of overspending.

By implementing the measures proposed in Bill C-113, we will do what is necessary to control the debt, which is the reason why these measures are so necessary, and to try to reduce it eventually. Honourable senators, this is an essential step towards sustained economic success, which Canadians want and deserve.

Hon. Norbert L. Thériault: Honourable senators, we just heard the bible of the Conservatives according to Senator Bolduc. It is their philosophy that the weaker people are, the poorer they are, the more the government will hit them.

Honourable senators, in 1990, the government passed Bill C-21, which was the beginning of the dismantling of the best unemployment insurance program in the world. The government had claimed in 1988 that Bill C-21 would enable us to make all the savings necessary to stabilize the unemployment insurance program. In 1990, we said to the government "If it ain't broke, don't fix it".

The UI program in Canada allowed us, in the best possible way, to redistribute to the unemployed some of the money earned by the workers and the employers. If the present government wanted to dismantle the UI program, it should at least have begun when it came to power in 1984, because then the economy was growing at an annual rate of 4 or 5 per cent and jobs were being created.

Honourable senators, what did they do in 1988, before the election? They reduced the unemployment insurance contribution rates of employees and employers, so that after the election and after the economy had started to slide and unemployment to rise they could say it was no longer an insurance system and we should find ways to control spending under that program.

I would like Senator Bolduc to tell us this: Before he finished his speech, he claimed that 54 per cent of UI payments went to people whose income was above the national average. I would like to know where he got his figures. Where do they come from? Is it from the Fraser Institute or some such source?

Senator Bolduc: They come from Michael Walker, and he is as good with figures as anybody.

Senator Thériault: Honourable senators, I wish I had more time to talk about other consequences of Bill C-113 on the Canadian economy. I will use the few minutes I have left to talk about unemployment insurance.

As I listened to Senator Bolduc, it seemed as if I were hearing the same speech Senator Beaudoin and Senator Poitras made, I believe, in 1990. It is the kind of speech you get from people who don't know what people who need unemployment insurance benefits are up against. That's the problem: people who have been either public servants or in the private sector for most of their lives don't know about the real problems in this country.

Without the unemployment programs we had for the past 25 years, there would be no one left in the Gaspé or the Maritimes. They would all be in Montreal and Toronto, trying to keep body and soul together.

Do you know what it's like in Montreal today? Until 1990, Canada's unemployment insurance program was the way to redistribute money to those who need it. Our program is the best in the world, and this government is in the process of dismantling it. They started in 1990, and again in 1993, and if God forbid you are still in power in 1995 and 1996, what will happen to all Canada's social programs?

Honourable senators, instead of listening to the Conservatives, I would like to take a few minutes to tell this house what Canadians think of this program.

In the January 24, 1993 edition of *La Presse*, we read the following headline:

"Ottawa fights the unemployed, not unemployment."

[*English*]

The *Financial Post*, December 9, 1992:

"New unemployment insurance changes under a microscope. Proposals an 'empty gesture,' critics charge."

The Montreal *Gazette*, December 5:

"For those looking for work, tough times just got tougher."

The *Toronto Star*, December 7:

"Why Tories' UIC plan will reduce productivity."

The *Canadian Press*:

"Penny-pinching pogey."

The *Globe and Mail*:

"Changes to UI harm workers, critics charge."

The *Toronto Star*:

"Hitting the unemployed no way to lead. The real radicals are in Ottawa with their drive for a brave new Canada."

Again, the *Toronto Star*:

"A brazen attack on the weakest."

[*Translation*]

The Montreal *La Presse*, January 19, 1993:

"Unemployment insurance: Attack the cause, not the victims. "

La Presse, January 19:

"The Bar Association condemns unemployment insurance reform."

[*English*]

• (2100)

The Montreal *Gazette*:

"UI changes potentially explosive."

Again from the Montreal *Gazette*:

"UI cuts will hurt women: NAC."

This headline came from the *Times-Colonist* in British Columbia:

"UI eligibility changes hit women."

[*Translation*]

Chantal Hébert of *Le Devoir*:

"UIC changes are more than just cosmetic."

[*English*]

The Ottawa *Citizen*:

"Facing the serious human realities of unemployment insurance."

Again from the Ottawa *Citizen*:

"Long-term unemployed squeezed by UI crackdown."

And another one from the Ottawa *Citizen*:

"Many innocent people will be hurt by UI changes, lawyer says."

From the *Toronto Star:*

"Smart PM would cancel UI cuts."

I hope that this will come about, namely that we will have a new PM for a few months.

Senator Gigantès: He will cut himself instead.

The *Toronto Star:*

"Majority oppose UI changes, poll shows."

[*Translation*]

Le Droit from Ottawa:

"Valcourt's reform to cost Quebec $30 million."

La Presse from Montreal:

"UI reform goes against Forget Report."

La Presse from Montreal:

"UI reform would siphon $27 million out of Montreal."

[*English*]

Winnipeg *Free Press*:

"UI changes denounced as bid to save at expense of jobless."

Winnipeg *Sun*:

"UI changes attacked. Jobless rally to send message to elusive minister."

Toronto *Globe and Mail:*

"Widening split along class lines revealed by proposed UI changes."

The Montreal *Gazette*, February 14, 1993:

"UI changes seen as heartless attack on unemployed."

[*Translation*]

A minister who is supposed to represent the people of New Brunswick is responsible for this legislation.

Honourable senators, once again, the government is attacking the weakest members of our society. I could go on quoting articles from newspapers across the country, all of which agree this is no way to deal with the problem we have in Canada today.

In 1993, for a government to pass legislation that will make someone who leaves his job lose any claim to unemployment insurance is almost criminal. Under our justice system in this country, a person can be charged with an offence, but is innocent until proven guilty. Under your unemployment insurance system, people are automatically guilty if they leave their job.

There is a list of forty circumstances in which a person could nevertheless be eligible for unemployment insurance benefits, but during the 4, 8, 12 or 15 weeks the appeal process will take, what will happen to these people who need food and clothing, and to their children who have to go to school? Who is going to take care of them? Honourable senators, the answer is pretty obvious.

The government of Quebec has just announced its spending estimates for the fiscal year which starts this week. In Quebec alone, social assistance payments will total $4.4 billion. Despite all the predictions by Senator Bolduc, this year there will be an increase of $261 million in the social assistance budget, the only department whose budget will go up in the estimates for the fiscal year that starts Thursday.

How will this unemployment insurance reform work? The government was even tempted to set up a telephone line so that citizens could call Ottawa to snitch on a neighbour they think is cheating. Mr. Valcourt dropped that idea, but he didn't drop the idea of hiring 300 more "snoops" to spy on unemployment insurance recipients. They are hiring 300 more people for security at UI offices because they are scared.

What happens when people have nothing to eat and are in need? The crime rate is going up at an incredible rate. Did

you know that in Toronto, 17 per cent of the population is on welfare? This is Toronto, where people used to come from the Maritimes and the West to find jobs.

[*English*]

When you pass legislation with the sole purpose in mind of beating up on the poor, you create problems in society. I am convinced that the governments in power after the war, especially in Canada and in the United States, made decisions such as establishing the social programs that we have to create jobs. They were afraid that if all those young men and women, especially the young men, faced the prospect of no jobs, nothing to do and no money, there would be problems in the country. We can do that when we are afraid. When the powerful and the rich are afraid, they find ways of making it possible for everyone to have a decent living.

This government has lost sight of that fact. It cut unemployment insurance on the one hand, but on the other hand it had no problem finding $100 million last year for its friends at Westray Mines. Four or five years ago, it had no problem finding $400 million, $500 million, $600 million or $2 billion to bail out the banks.

What will the government achieve by this measure? Will it create jobs? If in addition to a program that cut unemployment insurance benefits there was a program that created jobs, every Canadian would applaud it. However, this government is creating more unemployment and driving more people on to the welfare rolls.

I can tell you, my friends, that when you drive people to social assistance, it is quite a bit different than when they are forced to look to the UI program. It is not true that people in the Maritimes want to work for 10 weeks and draw 42 weeks of unemployment insurance benefits. When there was work in Toronto or in Calgary, people from the Maritimes went to these places for 20 weeks, 6 months and 10 months at a time. They left their families at home so that they could go out and earn money, and come back to spend three or four months at home.

Many of us in the Maritimes have members of families, or know friends who have moved to Toronto — and used to move to Montreal, too, before they started that foolish policy there of devoting all their efforts to language. As a result, the economy of that city has gone down the tubes. In days prior to the 1970s, French-speaking people from the Maritimes went to Montreal to work. After that policy change, they had to go to Toronto. You cannot make Canadians believe that Maritimers want the benefit of the unemployment insurance program without having to work.

Everyone knows that only three years ago the unemployment rate in Toronto was only 3 per cent. There was work available and people wanted to work. Today the unemployment rate in Toronto is 12 per cent and 17 per cent of the population is on social assistance. The big boys from the big cities here are trying to tell me of the rake-off in the unemployment insurance program. People do not cheat the UI program any more than people cheat on income tax, doctors cheat the medical system or politicians cheat the system. Yes, there are cheats. It is sad to say that they are among us, but the government should not try to tar all UI recipients with the same cheater's brush.

Senator Frith: Well said, sir.

Senator Thériault: You have created cheaters, and this kind of legislation will create more cheaters and cause more hardship. Another 100,000 kids will go hungrier in a country that is supposed to be rich. I say to all of you and to all Canadians that if war broke out tomorrow, we would find money. Well, war broke out two years ago — the worst kind of war that can exist, a war that creates poverty and petty criminals, yet the government brands UI recipients as cheaters. Yes, it is not much worse than Haiti in the days of Duvalier. The rich get richer. People build bigger houses around this country while more people are out on the streets because they have no place to stay.

This is a country that, after the war in 1945, was deeply in debt but was able to go on and create an economic system that provided jobs and social security, and thus created an atmosphere wherein Canadians were happy and generous. Today, can we honestly say that Canadians are generous people? People are fighting for everything, and over anything. Any subject matter that comes up causes a fight, often in the streets. When people are in need, they will find ways to provide bread for their children. I know I would, and I am no different from people who have to resort to the UI program.

That program made it possible for communities, such as fishing communities in the Maritimes, to prosper. People were driving decent cars and had a decent refrigerator in their homes. Garage operators were able to make a profit and storekeepers made a good living. Since 1990, with the coming into force of Bill C-21 and now this bill, people in rural areas have gone broke, and will continue to do so. Fewer cars and less furniture will be sold. Eventually, the factories in Toronto and Montreal will have to cut their workforces.

• (2120)

I say to my friends from Quebec who are here to vote on this piece of legislation: Look at this piece of paper and realize that in the next fiscal year the government of Quebec will have to find $4.4 billion for social assistance. That province will be faced with 12 or 15 per cent unemployment. It will also be faced with higher medical bills because when one is poor, one is not as healthy; when one is hungry one gets sick. Perhaps senators opposite do not know that.

I ask myself, why? Those of us who are appointed here do not have to worry about elections. We were appointed to do a job on behalf of the people, those people who need our protection. Why do senators opposite let partisanship create real problems for the people coming your way? Why do you not stand up for once and say enough is enough.

[*Translation*]

Senator Bolduc: Honourable senators—

The Hon. the Speaker: Honourable senators, if Senator Bolduc speaks now, it will have the effect of closing the debate on second reading.

Some Hon. senators: No, no!

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourables senators, I believe that Senator Bolduc only wants to ask a question, and that he is not proposing to close this debate on second reading!

Senator Murray: Yes—

Senator Molgat: Honourable senators, I must admit that, after such a brilliant speech by my colleague, I could understand my friends from across the way wanting to close the debate now! No, we are not going to close debate at this time! I will allow one question, for sure, but not closing this debate! Come on!

Senator Thériault: Honourable senators, by the way, I would like to announce to my colleagues the results of the provincial election held today in Prince Edward Island. The Liberals elected 31 members, and the Conservatives maybe one!

Some Hon. senators: Hear, hear!

On motion of Senator Hébert, debate adjourned.

[*English*]

NOTICE OF MOTION TO ALLOCATE TIME

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, for the last little while I have been trying to convince my honourable friend opposite, the Deputy Leader of the Opposition, to come to an agreement on when we can dispose of this particular bill.

Hon. Philippe Deane Gigantès: It is an uncomfortable subject for you. Being accused publicly of screwing the poor is not something you like to hear.

Senator Barootes: Withdraw that unparliamentary language. Where do you think you are, on the streets?

Senator Gigantès: Sorry; further disadvantaging the poor. It's nice to see the rich and well fed over there watch the poor grow poorer while your friends speculate on money markets.

The Hon. the Speaker: Order, please. Senator Lynch-Staunton has the floor.

Senator Lynch-Staunton: According to rule 39, I have been trying to convince the Deputy Leader of the Opposition, or at least have him agree, that we could come to a mutually agreed-on date to dispose of this bill, but unfortunately he cannot do so.

Senator Thériault: I propose a date of 1996.

Senator Lynch-Staunton: Therefore, having exhausted the provisions of rule 39, I give notice of the following motion:

> THAT pursuant to the provisions of rule 40, in relation to Bill C-113, an act to provide for government expenditure restraint, not more than six further hours of debate be allotted to the consideration of the said bill at the second reading stage;
>
> THAT when the debate comes to an end or when the time provided for the consideration of the second reading stage of the said bill has expired, the Speaker shall interrupt, if required, any proceedings then before the Senate and put forthwith and successively every question necessary to dispose of the said stage of the said bill;
>
> THAT any recorded vote or votes on the said questions shall be taken in accordance with the provisions of rule 40(4).

Senator Thériault: You do that to the poor all the time: "Six hours is plenty; cut them off".

Senator Lynch-Staunton: There has been plenty of time in committee and at third reading. We want to get this debate going and get it moving.

FARM CREDIT CORPORATION BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Rossiter, seconded by the Honourable Senator Meighen, for the second reading of Bill C-95, An Act to continue the Farm Credit Corporation and to repeal certain Acts in consequence thereof.

Hon. H.A. Olson: Honourable senators, I would like to make a few remarks on second reading of Bill C-95, to "continue" — I thought it was a bill to "amend" the Farm Credit Corporation, but it is a complete replacement of the Farm Credit Corporation and the words "to continue the Farm Credit Corporation and to repeal certain Acts in consequence thereof" is the description of Bill C-95.

Honourable senators, I do not intend to spend very much time dealing with the provisions in Bill C-95 because they are, except for one very important principle, essentially the same as was in the Farm Credit Act before, and that is the provision that the Farm Credit Corporation will now be competent, capable or authorized — or whatever word is appropriate — to lend money to farmers for off-farm activities that are related to the farm business. To say that this has been needed for some time is an understatement. As a matter of fact, in many parts of Canada over 40 per cent of a farmer's income is off-farm income. In many cases that income is derived from investments in equipment and other things that are related to the farm.

It is not clear from reading the bill what the criteria for the term "related to the farm" will be. What we know is that many farmers have been forced to find off-farm income, otherwise they would not have had sufficient income to maintain a reasonable standard of living. In fact, I am sure that Senator Barootes would have a great deal of sympathy for what I am about to say. A high percentage of those farmers in the prairie area of Saskatchewan and Alberta, who rely on the international grain market for their income, have no income at all — below zero — because by the time the cash or the receipts from the sale of grain on the international market are received at the farm gate, it has been reduced to below the cost of production.

• (2130)

That is a pretty sad commentary to make on a government that was so full of great promises and wonderful things it was going to do for the economy of Canada. Now we come to the stage where it even has to change the Farm Credit Corporation to find some solution to that severe problem.

I know they have made all kinds of speeches — Senator Barootes is the champion — about how much money this government has allocated out of the treasury since it got into office. It is billions of dollars, or at least some amount substantially more than the previous government. However, I will tell you one thing they do not say, but should: Almost all of the helpful programs that this present government is involved in funding were programs that were put in by the previous government.

The Western Grain Stabilization Fund is an outstanding example. When this government took office in 1984, there was a lot of money in that fund, $2 billion, more or less. They passed that out as if it was something the Tories had invented. I admit they added some money to it in the subsequent years, I am not going to take that away from them, but it was a program put in by the previous government.

It does not make very much difference to the farmers whether the program was brought in by the Liberals, the Tories, or any other government. The fact is that the situation today is just as sad as it was in 1985 and 1986. What I cannot understand is why they do not do anything about it.

The problem is primarily the consequence of a dispute between the European Common Market and the United States and what they chose to do about export-enhancement subsidies. That dispute has devastated the international grain markets, and that is not hard to understand. What is hard to understand is how this government can be so callous now that, in 1993, they act almost as if that problem has just gone away.

I can tell you it has not gone away in the part of Alberta I come from. It has not gone away in Saskatchewan, either. The problem of lack of income for the farmers who rely on the international grain market for their cash receipts has not gone away at all. It is worse than ever.

It has become so bad that Saskatchewan announced in its budget a few days ago that it cannot even afford to pay its part of the GRIP program. I understand there was some announcement made in the last few days, although I do not quite understand what it means, where the federal government is now going to come to the aid of Saskatchewan dealing with the GRIP program, the guaranteed investment part. The Saskatchewan government just simply cannot afford to pay it any more. That is how badly off the Saskatchewan government is. I understand that. They have taxes based on income, and if there is no income, there is no income tax, either.

There are many other industries and people in Saskatchewan which are having problems, in spite of the so-called good news statement that Senator Barootes made earlier today. Things have not changed enough. Most farmers, faced with the same kind of prices, are not going to break even in 1993. They might, but I doubt it.

The one glimmer of good that is in this bill is that the Farm Credit Corporation is now going to be authorized to make loans for activities it was prevented from dealing with before; off-farm income. Other than that, I do not see any point in almost privatizing the Farm Credit Corporation.

You know what happened when you were going to deregulate and turn the airline industry over to the marketplace. Maybe that has happened all over the world, so it is not a particularly good example, but everything you have privatized has been ruined.

What has happened to the natural gas industry since it was deregulated, and up until the last few months? I can tell you it was not good for the producers. Even the core market disappeared. Long-term contracts, where the gas was going into other parts of Canada, were almost repudiated, abrogated, or whatever word you like to use. They are buying gas now at the lowest possible price, disrupting the base or core market that was in existence.

The other things in this bill that will divorce the Farm Credit Corporation from the government will likely turn out to be just as disastrous for the people whom it is intended to help, in the same way as some of the other so-called privatization that has gone on. Privatization by itself is not completely objectionable, but the only time they privatize is when the government is in trouble. I could give all kinds of examples.

The purpose, capacity and powers of this renovated Farm Credit Corporation read as follows:

> The purpose of the Corporation is to enhance rural Canada by providing specialized and personalized financial services to farming operations, including family farms, and to those businesses in rural Canada, including small and medium-sized businesses, that are related to farming.

Honourable senators, I tell you the farmers need that because of the mismanagement of this part of the economy by this present government.

I see the Leader of the Government giving me a look of some kind or other.

Senator Murray: It's a quizzical look.

Senator Olson: It is perhaps quizzical. I think it almost indicates that he disagrees with the sentiments contained in the phrases, too.

Senator Murray: The farmers do not share your point of view on that matter.

Senator Olson: Maybe you should go down and ask them. You should ask some farmers. You are quite a distance from the prairie farming area when you are here in Ottawa.

There is something strange going on in this country. Never in the history of Canadian political activity have there been so many sitting members of Parliament who are not running again. Over 50 per cent of the Conservative caucus will not face the electorate again. It is not because they do not want the job. It is true there are a few who are just going to retire, accounting for some of the turnover. I have been reading that just over 100 out of some 160 or so Tory members just will not run again.

Senator Murray: A lot of them were elected in 1972 — 21 years ago — unlike my honourable friend.

Senator Olson: There is an odd one that fits that category.

Senator Molgat: They're scared.

Senator Olson: When something like this happens, and they announce it way in advance of the election, everyone gets the message.

Are honourable senators aware that over half of the sitting members and, as far as I can tell, all the ministers but one from Alberta, are not running again either?

Senator Lynch-Staunton: Half the Liberals won't be back.

Senator Olson: There are not very many from Alberta. We only have one. That is not a great tragedy.

In my view, nothing speaks louder of the success or failure of a government than when its own members find they can no longer support that government. That is what has happened. The current members are just not running. There is no stronger way that you can say to your party, "I do not support what you are doing. It's a failure. That is enough for me. I'm not running again."

Senator Murray: People are lining up, seeking Tory nominations, whereas Mr. Chrétien has to appoint his candidates.

Senator Olson: Talk about irresponsible statements, honourable senators.

I should like to return to Bill C-95, which deals with the Farm Credit Corporation. It seems to me that the government could have found some better way to help this agriculture situation than simply changing the Farm Credit Act. This is a tremendous admission that the incomes of farmers have been devastated since the Conservatives came to office. There is no doubt about that.

I want to be fair: I do not think that all of these things were caused by the direct action of this government. What else could they do besides wring their hands and say, "What can we do? It is the United States and the Europeans, the giants of the world, who are causing this problem."

Perhaps honourable senators opposite think that this was the first time in history that Canadian farmers and their government have been faced with difficulties caused by some of the big powers doing things that were not necessarily beneficial to certain sectors of the Canadian economy. I want to tell you it is not. However, the Canadian government in those days did not run out and privatize everything and make excuses. They went out to the meetings with these other nations and persuaded them that there were certain kinds of action that were needed so that second-level nations such as Canada, Australia, Argentina and others could live, too. That is what needs to be done now. In fact, it is overdue.

I know the minister is sincere in his attempts to get me some answers to the questions I ask. If the last answer he gave me is accurate, the situation is in a state of abeyance. There is no-one paying any attention right now to what is going on in Geneva with respect to an agreement on GATT, if that is the reason. That was the reason some time ago, I am sure about that.

I think that perhaps there could be some influence, or at least some attempt at influence, brought to bear on the United States and Europe to withdraw their export enhancement subsidies so that the price of grain does not sink down to less than half of what it was 15 years ago. However, this government does not seem to understand that that is their obligation as the government of Canada.

The members of this government have to stand and click their heels together and say, "Aye, aye" when the United States wants anything. However, United States congressmen do not represent Canadian farmers. The sooner we deal with the real world, the better. United States congressmen and senators do things in the interests of the citizens of the United States. If they happen to come from agricultural areas, that is what they do. They do not consider that it is in their interests necessarily to do things that are particularly helpful to Canadian farmers. That is the job of the Canadian government.

Honourable senators, that is about all I want to say at this time. I have no objection to passing Bill C-95, but I sure hope that this government does not use it as an example to boast, "Look at what we did. Now we can borrow some more money to get involved in more off-farm income." That could be useful — I am not arguing that one way or the other — but this measure is no solution to the type of problems we have in some sectors of Canadian agriculture.

I hope this government, and in particular its spokesman Senator Barootes, will stand up for farmers. This kind of measure will not solve their income problems; problems which need to be addressed.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Lynch-Staunton, for Senator Rossiter, bill referred to the Standing Senate Committee on Agriculture and Forestry.

APPROPRIATION BILL NO. 4, 1992-93

SECOND READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the second reading of Bill C-119, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993.

He said: Honourable senators, this bill, Appropriation Act No. 4, 1992-93, provides supply for all of Supplementary Estimates (C), 1992-93. I can assure honourable senators that the form of this bill is the same as that passed in previous years.

The final Supplementary Estimates for this year total approximately $283 million voted, while statutory expenditures are increased by some $1.7 billion, for a net increase of some $2 billion. This brings the total tabled Estimates for 1992-93 to $162.9 billion. Combined Supplementary Estimates for 1992-93 represent upward adjustments of approximately 1.2 per cent of the Main Estimates levels.

[*Translation*]

The government requests parliamentary approval of $283 million in budgetary expenditures. That amount is within the limits of previously announced expenditures. Major items are as follows:

First, the sum of $68 million for the Department of Transport to compensate for the loss of income in the air transport industry because of a slower than expected economic recovery;

Second, the sum of $65 million for the Department of External Affairs and International Trade to cover the costs of Canadian activities abroad. This includes the amount needed to offset variations in the value of the Canadian dollar, expenditures for peacekeeping operations, and humanitarian aid in Central Europe, Eastern Europe and the former Soviet Union;

Third, the sum of $25 million for non–budgetary expenditures in the Department of Energy, Mines and Resources for Canada's initial investment in the Hibernia project.

These Estimates were tabled in the Senate on March 23 and were immediately referred to the Standing Senate Committee on National Finance. Treasury Board officials appeared before that committee to answer questions on these estimates on March 25, and the committee's report was tabled and approved earlier this evening.

Revisions to the cost projections of certain statutory programs are also included in these Estimates. These revisions are primarily based on changes to the economic assumptions and demographic factors. Major items include a net increase in transfer payments to the provinces of $2.2 billion in support of their health, post-secondary education and social assistance services, as a result of changes to data in the formulae in relevant legislation; and a decrease of $700 million in public debt charges due mainly to more favourable interest rates.

There are 41 $1 votes in these Supplementary Estimates. A listing of these votes, as well as additional explanations relating to four miscellaneous $1 votes, have been provided to members of the committee.

Hon. H. A. Olson: Honourable senators, Bill C-119 has exactly the same subject matter as what we dealt with in Supplementary Estimate (C). The deputy house leader, Senator Lynch-Staunton, has just given us a little more explanation than was reported by me on behalf of the committee. I do not know if a different pattern could be followed with this bill, but as far as I am concerned it is ready for second reading now, because we have dealt with it both here and in the committee.

Motion agreed to and bill read second time.

THIRD READING

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

Senator Lynch-Staunton: With leave of the Senate and notwithstanding rule 59(1)(*b*), I move that the bill be read the third time now.

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

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

The Senate adjourned until tomorrow at 2:00 p.m.

THE SENATE

Tuesday, March 30, 1993

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

Prayers.

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that Ronald D. Ghitter, Q.C. has been summoned to the Senate.

INTRODUCTION

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons; took the oath prescribed by law, which was administered by the Clerk; and was seated:

Hon. Ronald D. Ghitter, Q.C., of Calgary, Alberta, introduced between Honourable Lowell Murray and Honourable John Lynch-Staunton.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Honourable Ronald Ghitter comes to us with eight years of parliamentary experience, having been elected twice to the legislature of Alberta where he served from 1971 to 1979.

A lawyer, Senator Ghitter has distinguished himself in public service, notably in the area of human rights. In 1985, he was the recipient of the Canadian Human Relations Award from the Canadian Council of Christians and Jews. In 1990, he served as Chair of the Mayor of Calgary's Task Force on Community and Family Violence and, in the same year, was awarded the Alberta Human Rights Award by the Alberta Human Rights Commission.

Senator Ghitter has served as a member of the federal Advisory Committee on Violence Against Women and is presently a Director of the International Centre for Human Rights and Democratic Development.

When Senator Ghitter looks around this chamber, he will recognize senators on both sides with whom he has been associated in many of these worthy causes. They and we are delighted to have him as a colleague, and we look forward to working with him.

I simply want to reassure Senator Ghitter that, while he has taken his seat in the corner immediately to the left of Your Honour and is rather lonely in that corner for the moment, he will soon have plenty of company.

Hon. Senators: Hear, hear!

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I can neither add to nor take exception to anything Senator Murray has said about our new senator, but I wish to say that I had, for just a moment, hoped that, unlike the usual behaviour of this government, things would actually be as they seemed to be and Senator Ghitter would indeed sit on our side and join our caucus. But, as Senator Murray has said, as usual with this government, what seems to be just never is.

Senator Murray: Appearances can be deceiving.

Senator Frith: But in the event of a change of mind, my number is 995-1984.

SENATORS' STATEMENTS

THE SENATE

SERGEANT FRANK FORAN—TRIBUTES ON RETIREMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, just a short while ago, many of his colleagues and associates and members of this house gathered together to mark the retirement of Sergeant Frank Foran of the Senate Protective Service. An event of this nature is not normally considered a matter for discussion in this house, but in this case an exception can be made as, today, the Senate is being asked to recognize an exceptional career.

As a matter of fact, the Foran family and the Parliament of Canada have been linked together for some 80 years. Indeed, Frank's father, William, joined the Protective Service in 1913 and was its head when he retired in 1959.

Frank became a Senate page in 1950 at the age of 13. He became chief page in 1954, a messenger in 1957, a constable in 1964 and was named sergeant in 1967.

Frank has known seven Prime Ministers and countless parliamentarians. All who have had contact with him have been struck by his warm personality, his good humour and his professionalism. He has contributed immensely to the high standards of the Protective Service, standards which no doubt will be maintained for many years to come, a legacy of which he can be justly proud.

Frank Foran has, in over 40 years on Parliament Hill, seen a great deal — and fortunately said little. May many whom he has witnessed over the years continue to count on his discretion!

Allow me, honourable senators, to draw your attention to the gallery and to our distinguished visitor, Sergeant Frank Foran, and his wife Rita, together with many members of their family, and let me express to him, on behalf of members past and present, their great appreciation for his devotion and loyalty, as well as many well-deserved, happy and healthy retirement years surrounded by his loved ones.

Hon. Senators: Hear, hear!

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I should like to associate myself and all the members on this side of the house, and I trust on this occasion even the new member on this side of the house, with the words expressed by my colleague, the Deputy Leader of the Government.

When we pay tributes in this house, it is usually to another senator who is leaving. It is a remarkable event when we are paying tributes to someone who is not a senator, but who has had a very long and close association with this institution and is indeed a remarkable man.

Although Frank Foran has not served in the Senate, he has served the Senate for many decades. Forty-two years of service is rather outstanding. Frank's father first worked on the Hill in 1913 as a security guard, and had 46 years of service. Following in his father's footsteps, Frank began his career here as a page at the tender age of 13. Obviously, child labour laws were not in effect at that time. He went on from being a page to become a messenger, and then a constable in the Protective Service, where he was promoted to sergeant in 1967. We understand that his next ambition is to go to France, but only for a visit and not on a permanent basis; he will be back to see us again.

I also have the good fortune of having some very close friends who were also close friends of Frank's living in Aylmer as neighbours of Frank's, so I have had another association with him in addition to that of the Senate.

Some may think that Sergeant Foran's retirement is somewhat premature, because as one looks at him in the gallery, one sees that, at only 55 years of age, he is a mere youngster compared to a number of us here. However, after 42 years of service in this place, I think he deserves and is entitled to a change.

On behalf of all of us on this side of the house, and in particular from myself personally, I wish Sergeant Foran a pleasant, long and productive retirement, and a retirement that he can share with his ever-patient wife Rita.

Bonne chance, Sergeant Foran, l'on vous souhaite tout ce qu'il y a de mieux pour l'avenir.

Hon. M. Lorne Bonnell: Honourable senators, I wish to associate myself with the previous speakers who welcomed our new senator and gave felicitations to Sergeant Foran, who is retiring after 42 years of service to the Senate. On April 29, I will have served for 42 years either as an elected or an appointed parliamentarian. I have not quite as many years service as Sergeant Foran. I wish him well and I hope that, in another 10 or 12 years, I will also be able to retire from this place.

Senator Murray: We will say nice things about you then.

PRINCE EDWARD ISLAND

PROVINCIAL ELECTION—LIBERAL VICTORY

Hon. M. Lorne Bonnell: Honourable senators, let me tell you about some very interesting things that happened yesterday in Prince Edward Island. The headlines of the newspapers of the province, which cover the province like the dew, stated: "Win Puts Callbeck in the History Books." This was printed in red letters, not blue.

I join with others in this chamber in congratulating Ms Callbeck on this wonderful victory, and wish her well on her first term in her new job as premier of the province. I would also congratulate the leader of the Conservative Party, who was also elected.

In Prince Edward Island we are making history in that Ms Callbeck is the first premier of the female sex to be elected. The leader of the opposition is also the first elected of the female sex to hold that office, as is the Lieutenant-Governor. These women will be in charge of governing Prince Edward Island for the next four years.

The Liberals won the election very cleanly. There was no bad-mouthing of anyone, either on the part of Conservatives or Liberals. It was a clean, well-run campaign. The leader of the opposition stated that nothing went wrong, and that they had done the very best that they could. Their workers were enthusiastic and worked hard, but things were against them from the start because of the federal government in Ottawa. That is what defeated the poor Conservatives in Prince Edward Island. They did not have a chance from the start.

The reasons for the Tory defeat are that the people of Prince Edward Island realized that the Patent Act Amendment Act, which went through Parliament recently, increased the price of drugs in this country; they realized that the EPF funding was cut back for health and education; they realized that students had to pay interest on student loans immediately upon graduating, and that there was no increase in those loans; they realized that the GST was imposed upon them by this government; they realized that there has been a cut-back in the unemployment insurance; they realized that student loans were being taxed immediately, rather than after six months; they realized that this government had put through free trade and now it intends to put through NAFTA; they realized that the government has cut back on VIA Rail, on the CBC, and on transportation by Air Canada.

This government has also increased the ferry rates to the province, and it mishandled the fiasco with relation to the potato virus in Prince Edward Island. Even the farmers had to pay for the grading of their potatoes, which they never had to do before under a Liberal regime. Potato farmers now have to pay for the federal inspection of their potatoes.

The Hon. the Speaker: According to rule 22(6), the Honourable Senator Bonnell's three minutes are up.

Some Hon. Senators: More, more!

The Hon. the Speaker: However, if there is unanimous consent of the house, the honourable senator may continue.

Hon. Senators: Agreed.

Senator Bonnell: I just want to tell honourable senators of the progress the Conservative Party has made in Prince Edward Island, in spite of the uphill battle they had because of the federal Conservative government here in Ottawa. Let me tell honourable senators that the provincial Conservatives ran a good campaign, but they could not overcome Ottawa with its type of government. The same thing will happen in Nova Scotia, Newfoundland and wherever there is an election, until this Conservative government changes its ways and starts to listen to the people of Canada.

In any event, the Liberals won 31 of the 32 seats, with large majorities, and with some 58 per cent of the population voting.

Some Hon. Senators: Hear, hear.

MIKHAIL GORBACHEV

AWARDING OF HONORARY DEGREE BY CARLETON UNIVERSITY

Hon. Heath Macquarrie: Honourable senators, naturally, I will follow the nonpartisan route that Senator Bonnell has so carefully blazed for me.

Today, honourable senators, this country and the City of Ottawa have a very important visitor, Mr. Mikhail Gorbachev who, in my long lifetime and after many years of interest in international affairs, still strikes me as the greatest revolutionary — far greater than Lenin — in all the things that matter to mankind. He is a man who showed leadership in breaking down the awful rigidities of the Cold War.

Today, he will receive an honorary degree from Carleton University, where I taught for one year — and I hope I did not destroy their credibility in that year. I congratulate the university for honouring this great man of our times, this great humanitarian, this peacemaker. I congratulate him for coming to see us in Canada, to discuss with our leaders the important issues of the day.

QUESTION OF PRIVILEGE

Hon. Pat Carney: Honourable senators, I rise on a question of privilege which I will briefly explain.

A few days ago, Canadian Press filed a story that I received a payment of $20,000 for "lost" ministerial papers which Canadian Press said were largely safe and sound. This report is false and malicious.

The ministerial papers in question covered the period when I served as Minister for International Trade, including the negotiations establishing the Canada-U.S. Free Trade Agreement. They were shredded by bureaucrats in the Department of External Affairs after I left that cabinet post.

In his story, Gordon MacIntosh linked the compensation payment paid by the government in 1991 to a 1988 internal report by External Affairs stating that missing originals were culled out of the ministerial papers and returned to departmental files. This 1988 report received wide publicity in the media in January of 1989.

A subsequent hands-on investigation of these departmental files was made by a team involving myself, officials of the Privy Council Office, External Affairs and the National Archives. No ministerial files were located during this search. It was terminated when an External Affairs staffer told the ad hoc investigative team that the ministerial files in question had been, in fact, destroyed.

Subsequently, an *ex gratia* payment of $20,000 was made to me on the advice of the National Archives Appraisal Board to compensate me for the loss of my personal papers. This payment was announced by my Senate office on October 24, 1991.

The destruction of my ministerial papers covering a crucial period in Canadian history was an act of bureaucratic vandalism, which has caused me great personal anguish and anxiety. I pressed for the ongoing investigation and implored the department to produce whatever material it had on file. No relevant material has ever been located.

● (1420)

The political discussion and the policy process reflected in the destroyed material have a value to Canadians, including myself, far beyond any cash payment made to me. The loss is devastating and can never be justified. Attempts by bureaucrats, the media and the opposition to pretend these papers still exist are irresponsible in the extreme.

Honourable senators, I should like to move a motion calling upon the Senate to refer the matter to the Standing Committee on Privileges, Standing Rules and Orders.

The Hon. the Speaker: I think there will have to be notice.

Senator Carney: I gave notice.

GENERAL ELECTION

NUMBER OF DAYS LEFT IN CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, it is now March 30, 1993. That means that this government has spent 132 days trying to avoid what happened to the Conservatives in Prince Edward Island — 132 days of political cowardice and contempt for the democratic process, to use Senator Murray's deathless words — or at least I am doing my best to make sure they are deathless.

PRINCE EDWARD ISLAND

PROVINCIAL ELECTION—LIBERAL VICTORY

Hon. Gerald R. Ottenheimer: Honourable senators, I did not rise quickly enough after Honourable Senator Bonnell. I was hoping then, under the rubric of statements, to make a statement, if it is not out of order to make a statement which would end in a question mark. I presume that would be an interrogatory statement, and it is probably quite in order.

I was prompted, when Senator Bonnell was outlining the difficulties of the Progressive Conservative Party in the beautiful province of Prince Edward Island, to ask whether he would share the opinion that a change of "Kim-estry" might be very beneficial.

ROUTINE PROCEEDINGS

APPROPRIATION BILL NO. 1, 1993-94

REPORT OF COMMITTEE

Hon. H.A. Olson, Chairman of the Standing Senate Committee on National Finance, presented the following report:

Tuesday, March 30, 1993

The Standing Senate Committee on National Finance has the honour to present its

TWENTY-FIRST REPORT

Your Committee, to which was referred Bill C-120, "An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1994", has, in obedience to the Order of Reference of Tuesday, March 2, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

H.A. (Bud) OLSON
Chairman

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time?

Hon. John Lynch-Staunton (Deputy Leader of the Government): With leave, now.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I normally would not give leave, but under the Flynn formula, do I understand correctly that there will be Royal Assent this afternoon?

Senator Lynch-Staunton: Yes, we have it scheduled for around six o'clock.

Senator Molgat: Using the Flynn formula, and on the basis that there will be Royal Assent this afternoon, I will agree to give leave.

Motion agreed to and bill read third time and passed.

SASKATCHEWAN TREATY LAND ENTITLEMENT BILL

REPORT OF COMMITTEE

Hon. Len Marchand, Chairman of the Standing Senate Committee on Aboriginal Peoples, presented the following report:

Tuesday, March 30, 1993

The Standing Committee on Aboriginal Peoples has the honour to present its

THIRD REPORT

Your Committee, to which was referred the Bill C-104, an Act respecting an agreement regarding treaty land entitlement in Saskatchewan entered into on September 22, 1992 among Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of Saskatchewan and the Keeseekoose, Muskowekwan, Ochapowace, Okanese, Piapot, Star Blanket, Yellowquill, Beardy's & Okemasis, Flying Dust, Little Pine, Moosomin, Mosquito Grizzly Bear's Head, Muskeg Lake, One Arrow, Pelican Lake, Red Pheasant, Saulteaux, Sweetgrass, Thunderchild, Witchekan Lake, Canoe Lake and English River bands, and respecting an agreement regarding treaty land entitlement in Saskatchewan entered into on September 23, 1992 among Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of Saskatchewan and the Nekaneet band, has in obedience to its Order of Reference of Thursday, March 25, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

LEN MARCHAND
Chairman

THIRD READING

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

Hon. Eric Berntson: Honourable senators, I move, with leave, that the bill be read the third time now.

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

• (1430)

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, again the same thing applies. If I understood some of the whispers after my comments about the Flynn formula, we might end up having my honourable friend opposite proposing Royal Assent daily at the end of our business. I issue the caveat clearly that on this occasion I am prepared again to give leave, but that will not necessarily apply on each occasion, even under the Flynn formula, if we are to have Royal Assent as a regular event.

Senator Frith: There will be joy in the Supreme Court of Canada that you said that.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

THAT when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, March 31, at 1:30 in the afternoon.

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

Hon. Senators: Agreed.

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY REPORT OF NATIONAL TRANSPORTATION ACT REVIEW COMMISSION

Hon. Donald H. Oliver: Honourable senators, I give notice that at the next sitting of the Senate, I will move:

THAT the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the report of the National Transportation Act Review Commission, entitled *Competition in Transportation, Policy and Legislation in Review*, tabled in the Senate on March 23, 1993 (Sessional Paper No. 343-912), and other matters relating to transportation; and

That the Committee present its report no later than September 30, 1993.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 175 citizens of the province of British Columbia who oppose the goods and services tax.

These petitions come mainly from Vancouver, Coquitlam, Delta, New Westminster, Burnaby and Richmond.

These 175 citizens are protesting in particular against the application of the GST to books and periodicals, which they consider an unjustified attack against the most economical and most democratic way of spreading culture. I know that Senator Chaput-Rolland agrees with me in that regard.

[*English*]

QUESTION PERIOD

ATOMIC ENERGY OF CANADA LIMITED

EFFECT OF LAY-OFFS ON CANADIAN RESEARCH

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government. Some three weeks ago, Atomic Energy of Canada Limited announced some very serious cuts in staff and, in particular, some affecting my own province, whereby some 114 workers would be laid off and some 16 were to be transferred.

Amongst other things, the AECL research station at Pinawa on the Whiteshell River in Manitoba was doing two particular pieces of research, one of which was the disposal of nuclear waste. This, as my honourable friend will know, is a very serious world problem. My understanding is that Canada was a leader in this field. What was was being researched there at that site could have led to some Canadian technology being exported elsewhere, or certainly to some very interesting possibilities for Canada. The other type of research they were doing was on irradiation.

My question to the minister is this: Will the government and AECL be reducing, therefore, their interest in these two areas? Are they transferring the research elsewhere, or are they ceasing the research? What exactly will happen?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I regret that I cannot help my friend on that matter today. I will have to ask the Minister of Energy, Mines and Resources, Mr. McKnight, for a statement which I will bring in in due course.

ORDERS OF THE DAY

MOTOR VEHICLE SAFETY BILL

MOTION FOR CONCURRENCE IN COMMONS AMENDMENTS

Hon. Donald H. Oliver: Honourable senators, I move that the Senate do now concur in the Commons amendments to Bill S-8.

The Hon. the Speaker: It is moved by the Honourable Senator Oliver, seconded by the Honourable Senator Beaulieu, that the amendments be concurred in now. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I presume Senator Oliver will explain to us why we should concur in them now. I have to warn him at the outset that my own view is that they should go to committee, but I am prepared to listen.

Senator Oliver: I do have a few remarks that will attempt to explain that, honourable senators.

You may wonder why we are once again dealing with Bill S-8, the Motor Vehicle Safety Act. Honourable senators will recall that Bill S-8 was first tabled in the Senate on March 17, 1992, a year ago, and was examined by the Standing Senate Committee on Legal and Constitutional Affairs, chaired at that time by our then honourable colleague Senator Nurgitz. That bill was passed on June 19 of last year with some amendments of a detailed and technical nature.

In the other place, Bill S-8 was referred to the Standing Committee on Transport, which heard from 13 witnesses, the majority concerned with vehicle importation matters. As I understand it, the majority of their concerns are to be the subject of intense discussion at the regulation-making stage. That committee did, however, tinker with the bill in a further way. It made what are essentially two amendments to one clause, namely, clause 7 subsection 2, dealing with the importation provisions of the act.

● (1440)

Both amendments are in large part clarifications of the intent of the act. The first, which is essentially the new wording set out in clause 7(2)(*b*), clarifies the ability of the government to designate, should it be desirable, certain persons to do the certification of a vehicle after modification. The duties and responsibilities of such a person would be clearly set out in the regulations to be developed by the department in consultation with any interested parties.

The second amendment, a new subclause 4 to clause 7, amends the wording to clarify the intent to require imported vehicles to meet the same standards as Canadian vehicles.

For your information, honourable senators, the greater part by far of Bill S-8 is as originally tabled. There has been significant support from the various industry groups, and from environmentalists and others who are interested parties, to see that the legislation proceeds. The thrust of this legislation remains to make existing Canadian motor vehicle safety and emission control regulations more efficient for the rest of this century and beyond.

For those reasons, honourable senators, I would request that the bill as amended by the other place be accepted and approved once and for all so that the next step can commence — that is, bringing our regulations up to date, thus enhancing the safety of our Canadian travelling public.

Senator Molgat: Honourable senators, I thank Senator Oliver for his explanation. As I said prior to his comments, it is our view that the matter should be referred back to committee. In other words, as a standard practice, when new amendments come forward they should be looked at in committee to see how they affect the bill in other respects, and so on. The chamber is not in a position to do that adequately.

However, we have a slight procedural problem in that the motion was for concurrence. If we could amend the motion, and if my honourable friend wishes to do so, and refer it back to committee, we would have no problems.

Senator Murray: It can be withdrawn, with leave.

Hon. Royce Frith (Leader of the Opposition): Rather than amending the motion, we will consent to your withdrawing it.

MOTION FOR CONCURRENCE IN COMMONS AMENDMENTS WITHDRAWN

Hon. Donald H. Oliver: I would be prepared to withdraw the motion, with leave.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): We are prepared to give leave to have the motion withdrawn.

Motion withdrawn.

REFERRED TO COMMITTEE

Hon. Donald H. Oliver: Honourable senators, I move that Bill S-8, the Motor Vehicle Safety Act, as amended by the House of Commons, be referred to the Standing Senate Committee on Transport and Communications for further study.

Hon. Royce Frith (Leader of the Opposition): To study the amendments, yes.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Oliver, seconded by the Honourable Senator Johnson, that Bill S-8, as amended by the House of Commons, be referred to the Standing Senate Committee on Transport and Communications.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Is it the Transport and Communications committee or Legal?

Senator Frith: Transportation and Communications.

Senator Molgat: Yes, that is fine.

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

Senator Murray: It is the message.

Senator Frith: It should be the message.

Senator Molgat: When the bill was before us previously, it was studied by the Legal and Constitutional Affairs committee, not by Transport and Communications; but I have no objection, provided it will be studied by a committee.

The Hon. the Speaker: Honourable senators, do we stand by the motion to refer the matter to the Transport and Communications committee?

Hon. Senators: Agreed.

On motion of Senator Oliver, bill as amended referred to the Standing Senate Committee on Transport and Communications.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL

March 30, 1993.

Sir,

I have the honour to inform you that the Honourable John Major, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 30th day of March, 1993, at 5:45 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

Judith Larocque
Secretary to the Governor General

The Honourable

The Speaker of the Senate

Ottawa

GOVERNMENT EXPENDITURES RESTRAINT BILL, 1993 NO. 2

MOTION TO ALLOCATE TIME ADOPTED

Hon. John Lynch-Staunton (Deputy Leader of the Government), pursuant to notice of March 29, 1993, moved:

THAT pursuant to the provisions of rule 40, in relation to Bill C-113, an act to provide for government expenditure restraint, not more than six further hours of debate be allotted to the consideration of the said bill at the second reading stage;

THAT when the debate comes to an end or when the time provided for the consideration of the second reading stage of the said bill has expired, the Speaker shall interrupt, if required, any proceedings then before the Senate and put forthwith and successively every question necessary to dispose of the said stage of the said bill;

THAT any recorded vote or votes on the said questions shall be taken in accordance with the provisions of rule 40(4).

He said: Honourable senators, the provisions of Bill C-113 were announced in the economic statement given by the Minister of Finance last December. The bill itself was given first and second readings in the House of Commons in February, went to a legislative committee and finally passed last week.

The government is anxious to have this bill decided on as soon as possible, while allowing ample time for consideration here and in committee, as it will, if passed, have a major impact on the government's financial situation in the fiscal year beginning Thursday, and in later years, as explained yesterday by its sponsor, Senator Bolduc.

Added to this sense of urgency is the Easter break, which is rapidly approaching. While we unfortunately are unable to schedule firm dates for our deliberations, unlike the House of Commons, we do try to give an indication far enough ahead of time to allow senators to adjust their own schedules accordingly. Both caucuses have been informed that an adjournment no later than the middle of next week is planned with a return the week of April 25.

I hasten to say that I do not want to give the impression that senators should decide the progress of legislation to meet vague adjournment dates, but on the other hand the bill is a major priority for the government. Undue delay in its implementation would be costly.

Senators on both sides are very familiar with its more contentious provisions, as Senator Thériault demonstrated yesterday, and another six hours of debate will certainly give ample time for various views to be expressed before sending the bill to committee. I therefore urge approval of this motion.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I cannot find anything good to say about this motion, with perhaps the one small exception that there seems to be a change in the timing that my honourable friend is prepared to give us, because, if I read the debates of yesterday correctly, it states six hours and I think the motion today read eight hours. Apparently, he has had a slight change of heart overnight and is prepared to give another two hours.

● (1450)

However, that is small comfort when one considers what we are being asked to do. The bill was introduced in the House of Commons on February 17. Second reading began the next day, and it was concluded a little more than a month later on March 24. We in the Senate are being asked to do all this within a matter of days, not even a full week, which is unreasonable in itself.

What is much more fundamental, however, is the use of closure once again. I had hoped that my honourable friend would have had a complete change of heart, considering the meeting that he and I attended yesterday morning with members of our Committees Directorate. The keynote speaker, Professor Jackson, made a powerful presentation on the question of closure, and he pointed out that, since 1988, this government has used closure more times than it has ever been used since Confederation.

Senator Perrault: All governments combined.

Senator Frith: Since 1988?

Senator Molgat: He said 1988. We will have the transcript of his speech in a few days, but that is the note I made at the time. My honourable friend was right next to me and had the benefit of listening to the same speech. He should have been able to understand what an affront to the parliamentary system is the constant use of closure. It goes against parliamentary tradition, against the whole purpose of having adequate time for debate —

Senator Perrault: To quote John Diefenbaker.

Senator Molgat: — adequate time to think about the question and, very often, adequate time for people to change their minds.

If any senators present listened to what Senator Thériault said last night, there is good reason for a change of mind. Senator Thériault made very clear what the effect of this bill would be on the poorest segments of Canadian society. Debate enables participation by more people, and it also enables the maturation of ideas in the minds of those who listen. However, that cannot be done overnight in a boiler-pressure atmosphere. That is what is wrong with the closure system. It simply prevents the proper interchange of ideas between members — and not necessarily members on opposite sides in all cases, but within the whole group. When you impose closure, you restrict that interchange.

Senator Murray: Why did you not make a counterproposal, then?

Senator Molgat: You are going against the principles of Parliament. That is what is wrong with what is being done here, and what was been done consistently by this government. There has been an abuse of closure. There is no need to push things through at that rate.

Senator Murray: Make a proposal.

Senator Molgat: The House of Commons was prepared to take a full month. Admittedly, they used closure there, too, and that is wrong, but at least they had a month. Here we will have less than a week. That is not the proper way to proceed. I object to the use of closure once again.

The Hon. the Speaker: Honourable senators, I have the original notice of motion put by Senator Lynch-Staunton and it says six hours. The papers today mentions eight hours, and that is what I read. I think it is a typographical error.

Senator Molgat: My honourable friend is making the motion. What does he want?

Senator Lynch-Staunton: His honour has the original in his hand. Obviously, there is a typographical error or a printing error, and I move that it be corrected accordingly, and that we deal with the original motion that says six hours.

The Hon. the Speaker: Shall I read the motion?

Senator Molgat: Dispense; it is painful enough without hearing it again.

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

Senator Molgat: On division.

Senator Frith: On division.

Motion agreed to, on division.

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Bolduc, seconded by the Honourable Senator Meighen, for the second reading of Bill C-113, to provide for government expenditure restraint.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I will let Senator Graham speak first because he is in more of a hurry than I am, it being understood that I reserve the right to speak again later.

[*English*]

Hon. B. Alasdair Graham: Honourable senators, the late Bruce Hutchison once wrote that the Canadian breed has never failed a single decisive test when the alternatives were clear; that whatever else it may lack, the nation is rich in sanity. That sanity has been much in evidence in recent months as the present government has played out another smoke-and-mirrors sideshow in the theatre of the absurd. Although the hysterical shrieks of the major actors continue to resonate from within, it is clear that much of the audience left at intermission.

Bill C-113 is a tired, rather pitiful piece of theatre with a rather malevolent edge. It has no redeeming features. It is punitive, attacking the weak — often women, often immigrants — with a curious additional feature for a modern western democracy, that one is guilty until proven innocent. Such theatre may have attracted huge crowds in Elizabethan England; it would have been a sell-out in the days of the English poor laws, but it has little cultural or social attractiveness in Canada in the 1990s. It really leaves the theatre owners as impoverished as before.

Even with the cuts envisaged in Bill C-113, the deficit in the UI fund is expected to rise to $7.6 billion by the end of 1993. If anything, Canada is rich in sanity because the audience largely left at the intermission. The alternatives were clear: Stay to be bombarded with precepts of another age and the tired melodrama of actors trained in the jargon of irrelevance, or exit, facing further reflection on the politics of the absurd. The crowd chose sanity. The exits were, and are, clogged.

The real drama lies elsewhere. The real drama is about unemployment. It is not really about quitters, although they, not the cheaters, are the focus of present policy. The real drama is about unemployment and it is a heart-wrenching spectacle. It plays out in theatres across the land to a nation whose citizens, whose human resource, whose collective will and whose morale has been sapped. It attracts large audiences because every Canadian family has been affected by it. Nearly every community, if not troubled by it, has been ravaged by it. It has had a lengthy run in theatres across the land. Our present government has secured it a central place in our cultural panoply. It has become almost a religious institution. It has become the government's largest single expenditure. At $22.5 billion, the spectacle now costs more than national defence or old age security.

As an Atlantic Canadian who has watched this spectacle thousands of times in dozens of communities, the real drama is about a nation which has lost its sense of conviction and its sense of purpose. The sense of power, of exhilaration and adventure — all that has vacated the Canadian venue. The lights of our communities are growing dimmer, the foundations are cracking and the government lacks the will to repair them.

A job is not only a means of living, it is central to our sense of self-respect, of dignity, of belonging. Indeed, it is our life-line. The lack of a job means more than just a lack of money. It means the loss of basic human tools, be they psychological or social; tools that we need to make things happen. Under this government, those tools are rusting away. The present government has ignored the problem and claimed the deficit as its defence. They have remained consistent on this point, honourable senators.

● (1500)

They have marginalized a nation and humiliated our human resources. We are a nation which has demonstrated a decline into underdevelopment. The statistics speak of underinvestment in productivity, underinvestment in economic productivity, underinvestment in social productivity.

Those statistics speak of our demoralization. They speak of a nation in which food banks have been accepted as a birthright, in which illiteracy has become a legacy, in which unemployment is a kind of patrimony. We are told that global economic trends — we are buffeted continually with the concept of globalization — dictate our future.

There is a certain grim logic for the adherence to this view. We are told that Canadians must become more efficient, more productive. We are told we must plan consensually, like the Japanese. While Canadians might prefer a less adversarial political system and a more consensual decision-making process, they are not given any clues as to how to arrive at this by the disciples of globalization.

For those who have lost jobs or whose jobs are threatened by free trade, by international competition or technological change, there is little consolation in the thought that, in time, we may become, through the collaborative policy processes, more like the Japanese or the Germans.

I am all in favour of greater productivity and the creation of knowledge-intensive zones in Canada because that is what will attract the investment of new-age businesses. However, I do not know how we will adapt to the new age with institutional arrangements. As I said before, a whole religious hierarchy which is dedicated with a real sense of mission, as zealots are, to ruling out inflation, so much so that I believe they often lie awake at night, beleaguered by the spectre of inflation and imagining that perhaps two million workers, rather than one million, must be sacrificed for the faith.

I do not know how we will adapt to the new age with institutional arrangements which have generated a low capacity to deal with unemployment and a passive acceptance of its permanent national presence at about 10 per cent. These arrangements have bred powerlessness throughout the land. They have demoralized our people. Canada is now a high unemployment nation. I remind honourable senators that, while the national average today is 11.1 per cent, the unemployment rate in my home area of Cape Breton is an appalling 28.5 per cent. The unofficial rate must be well over 40 per cent. Just come to Cape Breton and dare talk about quitters.

We spend 75 per cent of our labour market programs on income maintenance, unlike the Swedes, for example, whose lower rate of unemployment reflects the fact that 75 per cent of their labour market expenditures are directed to job creation and re-training measures. Small wonder that morale and productivity is low in this country. Unemployment is a national tragedy. It saps our strength. When the foundations crack, we apparently lack the will to repair them.

We will not respond, honourable senators, to the challenges of globalization by some kind of evolutionary process. We will not simply become like the Japanese and the Germans through some process of natural selection. We will not enter the twenty-first century guided solely by an invisible hand. We will enter the twenty-first century only if we have a more fully employed economy with the corresponding dynamism employment brings.

A job is a lifeline. It is central to an individual's contribution, to the morale and purpose of a nation.

Honourable senators, sometimes I think it may be that our present electoral system is an obstacle to the goal of fuller employment. All political parties must become more issue-oriented as a means of developing more collaborative processes in this country, as a means of dispensing government power in bringing the full employment objective to the policy agenda. The resulting process of coalition-building would generate cooperation on economic matters; a far cry, I suggest, from the antagonistic environment which presently exists.

We may also have to consider means of forcing governments to dedicate themselves to fuller employment as a national priority. I am so alarmed by our present passive acceptance of unemployment that sometimes I think that governments should be obligated, even by the Charter of Rights, to deal with unemployment. I am sure of one thing: Our political tolerance of such institutional arrangements which have led to this great national tragedy, should and must end.

It is, of course, not easy to grapple with inflationary pressures and the commensurate threats to our international competitiveness. But governments must find more creative measures to resolve the unemployment-inflation trade-off than the bludgeon of tough fiscal and monetary policies. While we must prevent rapid price rises, apparent to everyone, we must not do so by sacrificing Canadians on the alter of fanatical financial zealotry.

There have been many ingenious forms of income policy proposed in this country. However, the major source of support to maintain full employment without inflation will be the confidence of the Canadian people, the confidence or belief that government is committed to full employment in the public interest. Instead of our present adversarial relationship between a government and a society, we will then begin the formulation of a new social contract which will be the heart of our reconstruction.

I believe that reconstruction will be based on collaboration and cooperation. We will not develop self-reliance through directive or fiat. We will not reacquaint our generational poor with the basic tools of productivity through directive or fiat. We will not provide our citizens with an adequate income security program through directive or fiat. We will not gain a more fully employed economy through directive or fiat alone.

We are living in an era in which individuals seem to be withdrawing from national and regional institutions and moving towards the community level. This is a particularly pronounced phenomenon in my part of the world. People are doing this as a means of self-defence, of self-preservation. They are beginning real dialogue about who we are and what we are about to become. They are debating new concepts of work. They are recognizing the intrinsic worth of home production, of non-market labour. They are deploring the failure of governments with capital to provide for the livelihood of too many ordinary Canadians. They believe that something better than the status quo can be built in Cape Breton and Nova Scotia and throughout the Atlantic region.

The heart and sole of what many of us will become is being debated in our communities. They are ordinary Canadians and government must keep company with them. For example, government tax incentives could generate employment investment funds in cooperation with business and labour groups in boom times, to bank capital for hard times. There are even those who feel a full-employment fund might replace the present unemployment insurance fund. They suggest that it could be financed by government, in company with business and labour groups.

The emphasis, honourable senators, is on the word "employment". It is the key to the new age, and it will be brokered by the confidence, the courage, and the resolve of our people in companionship with government. That courage and resolve will not be sustained by witch hunts on quitters and by insisting that our people are guilty before they are proven innocent, as is evident in Bill C-113.

Honourable senators, in conclusion, governments must explore the intuitive wisdom of its citizens. It must immerse itself in the basic sanity of the Canadian people, because our nation is rich in sanity.

Perhaps Bruce Hutchison was right. We have never failed a decisive test when the alternatives were clear.

• (1510)

Unemployment destroys a nation's morale. It must become politically unacceptable to aid and abet its presence.

Employment means empowerment. It is only with empowerment that reconstruction will begin. It is only with empowerment that the last spike will be driven home.

The alternatives are clear; the stakes are the future.

Some Hon. Senators: Hear, hear!

Hon. M. Lorne Bonnell: Honourable senators, I wish to take this opportunity to make a few comments about Bill C-113, to provide for government expenditure restraint. I will limit my comments to the clauses amending the Unemployment Insurance Act, although I recognize this bill contains substantial changes to other acts.

Other amendments include a salary freeze for the public service under the Public Sector Compensation Act; a salary freeze under the Governor General Act, the Judges Act, the Parliament of Canada Act and the Salaries Act. In addition, this bill provides for a 10 per cent reduction in tax transfers to the provinces under the Public Utilities Income Tax Transfer Act; a 10 per cent reduction in government payments under the Atlantic Region Freight Assistance Act and the Western Grain Transportation Act.

This bill fundamentally changes the way in which Canadians will be treated under the unemployment insurance program. No longer will Canadians be treated with the dignity and respect they deserve. No longer will Canadians be considered innocent until proven guilty — a long-standing principle of our justice system. No longer will those Canadians facing distressing work situations feel the necessary security to leave in order to seek other employment; rather, the amendments contained in this bill transfer the burden of proof to the claimant. Many Canadians will choose to remain in unhealthy, unproductive work situations rather than take the chance of being denied unemployment insurance benefits.

I ask honourable senators, if this government genuinely believes that people quit their jobs in order to spend, as the government has described, a few months skiing in Banff or a vacation in Florida? I find it hard to believe this is the rationale cited for bringing this bill forward. The reality is that a great number of unemployed Canadians — over 1.6 million — are desperately looking for work.

Contrary to what the government may think, Canadians want to work. They want to contribute to the building of our nation. They want Canada to maintain its international reputation of being a fair and caring nation. However, Canadians also want a government which treats its citizens fairly.

Bill C-113 is but another slap in the face for Canadians. My message to the people of this country is very straightforward: This government does not care about you. This government is placing the burden of proof on your shoulders and, ironically, is making decisions about a program they no longer fund.

This is not the first time this government has made significant changes to the unemployment insurance program. In April of 1989, the Labour Force Development Strategy — or LFDS — was launched with the release of the document *Success in the Works*. The legislative basis for the strategy was Bill C-21. It was introduced in the House of Commons in June of 1989 and passed in this chamber in 1990.

Under Bill C-21, as we all recall, the government withdrew federal funding of the UI fund. It cut benefits to the unemployed and redirected $775 million from benefits to training initiatives.

In 1990, the government accepted a recommendation to spend an additional $400 million from the UI fund on training. This increased the amount of "developmental spending" — an interesting catch phrase — under unemployment insurance to $1.8 billion annually.

Honourable senators, I wish to comment briefly on the issue of diverting funds from the unemployment insurance program to training and skills development.

Over the last eight years, federal expenditures on training have declined as a proportion of the gross domestic product. Furthermore, private sector expenditures on training in terms of the GDP were half of comparable expenditures in the United States and less than 20 per cent of those in Japan over the same time frame. It is estimated that 64 per cent of all jobs created between 1986 and the year 2000 will require more than 12 years of education and training, and nearly half of all jobs will require more than 17 years.

I recognize the need for additional money for training; however, I disagree with the government's decision to take the money from the UI fund and divert it to training. The unemployment insurance fund should be used for the purpose it was intended — as an income supplement to assist recently unemployed workers until they are able to find new employment. Funds for training programs should not come out of the UI fund. I believe that such training programs are an extension of the educational system and should therefore be funded as such, through general revenues.

The unemployment insurance program must have as its priority the provision of a basic income and should not become a fund for training initiatives. We cannot forget that unemployment insurance economically sustains the whole community during periods of unemployment.

In 1989-90, the last full year of federal contributions to the UI account, the government's contributions totalled $2.67 billion. In 1990, unemployment insurance benefits amounted to $13.2 billion, up 14 per cent over 1989. As a result of the recession and subsequent high unemployment, $17.7 billion was put out in benefits in 1991, 34.2 per cent higher than in 1990. It is estimated that close to $22 billion will be paid out in 1993. Premiums paid by the employers and employees have increased twice in the last two years. The premiums were increased by 24 per cent in 1991 and by a further 7.1 per cent in 1992.

Unfortunately, all predictions concerning future employment prospects point towards continued high levels of unemployment, despite the high hope of economic growth. It is what many have termed a "jobless recovery". I believe that unemployed Canadians have a right to expect their governments to work cooperatively together to ensure that we experience continuous job creation, adjustment programs for displaced workers, and the ever-growing desire to produce a positive environment for continuous learning — one in which Canadians are able to fully develop and learn the required skills needed as our technology rapidly advances.

Finally, honourable senators, I want to spend a few moments talking about the issue of "just cause" and specifically the issue of harassment. Part IV of the bill amends the Unemployment Insurance Act. Clause 18 defines reasons of "just cause" for voluntarily leaving employment. It reads as follows:

> (4) For the purposes of this section, "just cause" for voluntarily leaving an employment exists where, having regard to all the circumstances, including any of the following circumstances, the claimant had no reasonable alternative to leaving the employment:
>
> (*a*) sexual or other harassment;

• (1520)

The clause then continues to list the other examples of just cause.

Honourable senators, I do not think anyone disputes the serious nature of sexual harassment. It is a very traumatic and disturbing situation which continually plagues our workplaces. As noted by the Minister Responsible for the Status of Women, the Honourable Mary Collins, and I quote:

> Sexual harassment, of course, is against the law. The Canadian Human Rights Commission very clearly makes that point...I want to make it clear that no one, woman or man, should have to continue in employment as a victim of sexual harassment...If there is no way within their workplace to resolve the situation, they are absolutely and legitimately within their rights to leave the situation and be able to apply for unemployment insurance.

Before the introduction of this bill, a woman — because women are for the most part victims of sexual harassment — would in all likelihood not report the departure from the workplace as one of sexual harassment but would, instead, remain silent and wait out the seven to 12 weeks penalty. With the amendment contained in Bill C-113, most women will choose to remain in an intolerable workplace due to fear of having to come forward to explain their charge of sexual harassment.

I feel that this bill does not go far enough in ensuring that victims of harassment will be treated in a fair and respectable manner. Furthermore, my concern is heightened with regard to the first part of clause 23 and the remarks made by the Chief Commissioner of the Canadian Human Rights Commission, Maxwell Yalden, to the legislative committee in the other place. Clause 23 states, and I quote:

> Section 76 of the said act is amended by adding thereto the following subsections:
>
> (6) The commission may, with the approval of the Governor in Council, make regulations
>
> *a*) authorizing the chairperson of a board of referees to exclude from a hearing before the board any claimant or employer, or any representative thereof, or any person who is or who may be a witness at the hearing, when oral evidence concerning a circumstance of sexual or other harassment mentioned in paragraph 28(4)(*a*) is being given;

The issue pertaining to this clause is whether a person's rights are violated by giving the chairperson the authority to exclude the claimant without having the claimant's request to do so. If our intention is to protect the claimant, then I would hope we could amend this clause so that the process is one of integrity.

We often forget that we already penalize people who leave their jobs without just cause. There has always been a penalty. The Liberal Party created the unemployment insurance program. For years there was a penalty of one to six weeks,

which was discretionary depending on the seriousness of the case. In 1990, the government changed the penalty to seven to 12 weeks. Furthermore, it appears, this government has forgotten that there remains the rule in the Unemployment Insurance Act that one must always be ready and available for work. If they show they are not ready and available for work, then they are cut off from unemployment insurance benefits.

Is this bill the first step towards the privatization of the unemployment insurance program? The Conservative approach is purely ideological: All forms of privatization are seen as good without evaluating their socio-economic impact, region by region. I fear for the fishermen and the fish plant workers down in my province and in the Atlantic region in particular.

I oppose these amendments, honourable senators, and I urge you to join with me in voting against this bill.

Hon. Noël A. Kinsella: Would the honourable senator entertain a question?

Senator Bonnell: Yes.

Senator Kinsella: With reference to the comments on the Human Rights Act and the problem of sexual harassment, would the honourable senator give a further explanation of the problem there? Is the honourable senator saying that the Human Rights Act would not have oversight of a situation of sexual harassment?

Senator Bonnell: My thoughts about this bill, honourable senators, would be that if a sweet young lady was harassed by her boss, whether it is in the Human Rights Commission or wherever she works, she would have to go before a council and prove her case. That might take anywhere from four weeks to 20 weeks, or perhaps even a year. In the meantime, she has a small child at home who has nothing to eat; she is receiving no unemployment insurance cheque and she cannot receive welfare because she is supposed to receive unemployment insurance. That is the type of situation that is bothering me. I do not believe people in those situations should have to go through that sort of harassment. That is my first point.

Second, I do not believe that the new commissioner should be able to say, dictatorially, that she cannot appear and give evidence, or that she cannot bring in a witness without consulting.

Senator Kinsella: Honourable senator, you would agree, therefore, that a man or a woman who is victimized by sexual or racial harassment in the workplace should have the right to leave that poisoned work environment and, for that reason of harassment, be entitled to the insurance benefits which the program covers? This is what the program is there for. The bill presently before us allows the worker to leave that place, and that is a justifiable reason, is it not?

Senator Thériault: But when is it justified? Six weeks down the road after you are hungry? Who decides?

Senator Kinsella: Honourable senators, it is absolutely justifiable to leave a poisoned work environment.

Senator Thériault: But one still does not get benefits.

Senator Kinsella: Secondly, the honourable senator will know that there is a safety protection that Bill C-113 has built into it that one does not have to stay in that work situation and tolerate harassment. Under the Canadian Human Rights Act, one also has the opportunity to file a complaint and, more importantly, in the Canadian Human Rights Act there is an anti-retaliation provision for anyone who is retaliated against in the workplace because they have filed a complaint of sexual harassment under the Human Rights Act. Therefore, in a sense, there are three fall-back protection levels.

Senator Thériault: I am sorry, you do not understand what it is all about.

Senator Bonnell: Honourable senators, my good friend Senator Kinsella is a great human rights man, but he does not understand. I do not know how he had that job for so many years in New Brunswick. These men and woman who are harassed, whether it is racial or sexual harassment, have to be able to prove their point. They are guilty and they have to prove their innocence. At the present time, the law puts the onus on the employee to prove sexual harassment. Most will take the penalty and do without unemployment rather than go through the whole court system to prove it.

[*Translation*]

Senator Hébert: Honourable senators, for more than eight years, from session to session, from one disastrous piece of legislation to the next, we have seen the gradual disintegration of the social safety net Canada created during previous decades. As Senator Thériault said so forcefully last night, the present government seems intent on finding new ways to crush the neediest in our society while letting the rich get richer.

The main reason we were proud to be Canadians was that our country, by and large, was known for its compassion for the poor, the unemployed, the sick and children, at home and also in some of the most disadvantaged countries in the world. Our medicare, family allowance and unemployment insurance programs have long been the envy of countries even richer than ours, like the United States, while our commitments in the Third World and our open-door policy for refugees — the new outcasts — were held up as an example to the rest of the world.

For the past eight, almost nine years, the government's policies have seriously undermined our own social programs; we have left the poorest countries of this planet to fend for themselves and we have passed legislation on refugees that is very similar to that in other rich and self-centred countries.

The big excuse for all the regressive measures taken by the Mulroney government in the past eight years is that they would help put the government's finances on a sound footing. Guess what: In 1984, the deficit was 38 billion, and it is still over 34.4 billion in 1993. The national debt doubled under the Conservatives, rising from 168 billion in 1984 to 432 billion in 1993.

Instead of keeping interest rates at levels comparable to those in the United States, which has traditionally been the policy of previous Canadian governments, the Conservatives chose to maintain them well above those levels; in other words, at 4 percentage points more than U.S. levels, which made for a soaring deficit and debt.

According to a study by Erni Stokes for *Canadian Business Economics*, if the difference between interest rates in Canada and the United States had remained at two percentage points between 1988 and 1991, the deficit for 1991 would have been $4.3 billion instead of $29.8 billion. This is incredible!

Clearly, the debt is only an excuse to cut social programs whose very existence is considered an anomaly by the Tories; a Liberal pest that must be exterminated at all costs.

If the government was really serious about controlling the debt and the deficit, it would avoid measures like Bill C-92. The purpose of this bill is to extend the life of a tax shelter for trusts that will deprive the government of hundreds of millions or even billions of dollars of revenue. Originally, these special privileges were supposed to last only 21 years. After that, beneficiaries would have to pay tax on the incremental value of the items in these funds. The 21-year period expired on January 1 this year. The government is now proposing to extend the tax relief up to the death of the last member of the family that owns the trust, which in some cases could be 70 years or more. According to an article by Duncan Cameron that appeared in last December's *Canadian Forum*, the value of these trusts is estimated at about $70 billion. Billions of dollars tax free! A number of wealthy people will become even richer, without too much trouble!

The sad story of Canada's disintegration continued with the wholesale deregulation of the air transportation industry; the dismantling of VIA Rail; the two constitutional disasters engineered by the Prime Minister; a poorly negotiated Free Trade Agreement; the GST nightmare, and cutbacks in federal transfers to the provinces in a number of areas, including education and health care: All this at a time when the unemployment rate has reached 11 per cent across Canada, 13.2 per cent in Quebec and 14.2 per cent in Montreal.

After this enormous waste, what else can Minister Valcourt think up, with his reputation for endless compassion? A poor excuse for a bill that was cobbled together at the last minute: Bill C-113.

[*English*]

• (1530)

As a result of Tory incompetence, 1.6 million Canadians are out of work, and another two million are forced to rely on social assistance. The Opposition has summed up the situation succinctly — instead of attacking the problem, the Tories are attacking the victims. Indeed, the expression is now commonplace.

Introduced to implement some of the expenditure restraint provisions of the Finance Minister's December economic and fiscal statement, Bill C-113 is an omnibus bill comprising four parts. It includes public service salary freezes; a 10 per cent reduction in tax transfers to the provinces; a 10 per cent cut in government payments under the Atlantic Region Freight Assistance Act and the Western Grain Transportation Act; and a reduction in the benefit rate and an increase in penalties for those disqualified under Section 28 of the Unemployment Insurance Act.

Although the Liberal Party's principal concern with this bill pertains to Part IV, I wish to highlight our opposition to the other parts as well.

First, Part I of this bill continues the assault against federal employees which began with the 1991 budget. As honourable senators will recall, the salaries of public servants, MPs and senators were frozen by legislation in 1991. At that time, the average earnings of government employees were only $30,000 a year. The earnings of civil servants had been below those in the private sector for over five years, and they had not kept pace with inflation over the same period. Civil servants have already been penalized by the government, and this legislation will pour salt onto the wound by extending the 1991 wage freeze through 1994.

As a result of the 1991 wage freeze, the Conservative government was condemned by the Public Service Staff Relations Board for bad-faith bargaining. Moreover, a few months ago, the International Labour Organization, a member body of the United Nations composed of employers, employees and government representatives, condemned the Government of Canada for its failure to bargain with its employees.

The Canadian Labour Congress summed up the situation very well in its brief concerning this legislation:

> The amendment to the Public Service Compensation Act included in Bill C-113 is a dismissal of the International Labour Organization's ruling and a flagrant violation of international labour standards...In the CLC's view the pay freeze is part of the strategy to build up public hostility towards federal workers and government services because of the Conservative philosophy that less government is good government.

Another cornerstone of Canadian nationhood — the public service — is severely eroded. The dismantling of Canada orchestrated by the Tories is an insidious process. Like a cancer, it slowly eats away at the flesh of our country.

● (1540)

The Tory cancer has also spread to the Public Utilities Income Tax Transfer Act through Part II of Bill C-113. The federal government makes annual payments to the provinces of revenues from the income tax of corporations whose gross revenue comes from the distribution and sale of electrical energy, steam or gas to the public in each province. The formula for this payment, which is made from the federal government's Consolidated Revenue Fund, is in accordance with section 3 of the Public Utilities Income Transfer Act. Part II of Bill C-113 would authorize the federal government to retain 10 per cent of tax revenues for the 1993 taxation year, thereby slashing the payment to the provinces by that percentage. Once again, the Conservatives are shifting the responsibility for their economic mismanagement to the provinces. The Liberal Party denounces and decries this unacceptable measure.

As well, we oppose the 10 per cent reduction in transport subsidies imposed by Part III of Bill C-113. This time, the victims of alleged Tory deficit cutting are prairie farmers and Atlantic Canadians — the rich people again.

As I mentioned earlier, Part IV of Bill C-113 contains changes to the unemployment insurance program. The first modification concerns benefit rates. Beginning April 4, 1993, if we vote this bill, rates for new beneficiaries will be reduced from 60 per cent to 57 per cent of insurable earnings. Second, people who leave their jobs without just cause, or lose them because of misconduct, will no longer be eligible for unemployment insurance benefits.

The government has claimed these cuts were needed to stop irresponsible people from quitting their jobs to be supported by the Canadian workforce. Employment Minister Bernard Valcourt even accuses workers of deliberately cheating the system.

The govenment's claim that the purpose of this bill is to weed out abusers, crumbles upon closer scrutiny. In fact, there are two kinds of unemployment insurance abuse. First, individuals who receive benefits under false pretences, for example, those who attend school or secretly work while on UI, or those who defraud the system with false claims and other scams. This group, usually referred to as the "cheaters", is responsible for an annual loss of $200 million dollars, which is to say, less than 1 per cent of the program's expenditures. Interestingly, Bill C-113 does not seek to curtail this kind of abuse — a glaring omission.

The second category of abusers consists of people who receive benefits after quitting their jobs for no apparent reason or being fired for misconduct. This group of quitters is the one on which the government has chosen to concentrate its attack. Quitters have been depicted by the government as those lazy freeloaders who quit their jobs and head for Florida or the ski slopes, while Canadian workers foot the bill.

[*Translation*]

Once again, the government has found an unjustified pretext. According to a report prepared in 1991 for the Economic Council of Canada, employees who quit are not abusing the system. An analysis of unemployment in 1986 shows that half of those who quit found another job right away, while another 43 per cent took less than ten weeks. One out of five people who lost their job found new work immediately, and 50 per cent of those who lost their job found another one within ten weeks.

The Economic Council of Canada noted that quitters added only 1.5 to 1.7 per cent to the unemployment rate. The figures show that people quit to find a job with better future prospects, not to go and relax in Florida.

Obviously, the reasons invoked by the government to justify this measure do not stand up.

[*English*]

Already this attack against the unemployed has enraged Canadians. The extent of this bitterness was clearly shown in a massive demonstration, which took place in Montreal last February 7. An estimated 50,000 people took to the streets to manifest their anger against the government. They walked and waited and shouted slogans and listened to speeches for three hours at a temperature of 25 below zero. I know; I was there with other members of my caucus and representatives of other parties. Only two political groups were absent; the Reform Party and the Conservatives.

[*Translation*]

Clearly, people are justified in protesting this inept legislation. It discriminates against those who resign because of harassment and those who are arbitrarily dismissed. In both

cases, even though some safeguards were provided, the burden of proof, as some of my friends said a while ago, falls on the employee. The process can be long and painful. Very often, there is a four week delay before preliminary hearings and an even longer wait for the appeal procedure, all that time without any benefits. The process usually becomes a confrontation between the former employee and the employer. As we all know, it is sometimes difficult to prove harassment, whether sexual or otherwise, because former colleagues are usually reluctant to testify, fearing for their own jobs.

This bill gives new powers to employers. For example, employees will be less inclined to resign, even though the work environment might be deteriorating, because they know they will not qualify for unemployment insurance.

The Hon. the Speaker *pro tempore*: Honourable senators, I must notify you that the honourable senator has already spoken for 15 minutes.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): He has only a few minutes left.

Senator Hébert: Bosses can blackmail their employees for concessions. I have here an article from *Le Devoir* of February 4, entitled "Bosses already tightening screws", which shows convincingly that this bill will do employees incalculable harm. I quote:

> Under the cover of the forthcoming changes to the Unemployment Insurance Act, opportunistic employers have already started to tighten the screws on their employees and demanded substantial concessions from them. *Le Devoir* is aware of two striking examples: the first concerns the École supérieure de danse du Québec, which invoked the new unemployment insurance provisions to reduce summer leave for its teachers, and Litho Montérégie, which cut the salaries of half of its employees, the most senior ones, by 30 per cent — take it or leave it.

That says a lot about the nature of this bill.

Many commentators have criticized the new measures as arbitrary and inflexible, which the article in *Le Devoir* confirms. Furthermore, since the burden of proof is on the former employee, there is no more presumption of innocence. The rigidity of these measures will probably lead to many appeals, clogging up the system terribly. Legitimate claims will be rejected and people who quit for a valid reason or are dismissed unjustly will not be entitled to unemployment insurance benefits. As Alain Dubuc said in *La Presse* on January 25:

> Because it offers nothing to take account of the grey areas, the bill in its present form is inhuman.

That is the word to describe this bill: "inhuman".

In fact, Bill C-113 is so odious and inhuman that it has been criticized by some government members and — can you believe it? — Senator Chaput-Rolland.

[*English*]

● (1550)

Accordingly, Senator Chaput-Rolland is quoted in an Ottawa *Sun* article dated February 15 as having said, and I am quoting my dear colleague:

> I am very concerned about the consequences of the (UI) law and by the minister's stubbornness in not seeing those consequences.

Should I repeat it in case you didn't get it? Senator Chaput-Rolland is saying:

> I am very concerned about the consequences of the (UI) law and by the minister's stubbornness in not seeing those consequences.

In the same article, the senator says she hopes the government finds the resolve to protect the less fortunate. She speaks like a Liberal.

Senator Frith: Glad to see her Liberalism hasn't completely worn away.

Senator Hébert: She fears too many unemployed will suffer from the time they appeal their case to the day an arbitrator rules. Well, I certainly hope the good senator was not misquoted or that she was not simply uttering vapid rhetoric. I certainly hope that, this one time, she remembers her words when it is time to vote on the issue.

Senator Chaput-Rolland's apparent misgivings about this bill are interesting and raise questions as to the government's real motivation for tabling it. I wonder if the free trade agreement could have anything to do with this wholesale assault on the unemployed. Perhaps the Canadian Labour Congress's brief on Bill C-113 might provide an answer to that question, and I quote:

> Free Trade, the GST and punishing monetary policy along with Bill C-21 have left the groundwork for this current bill. Now these policies have created massive unemployment, thereby heavily increasing UI expenditures, the government is proposing to further attack the very program designed to protect people from such policies... Clearly, this legislation is designed to make the victims pay.

The CLC brief goes on to say that Bill C-113 is part of the free trade agenda to force workers to stay in low-paid dead-end jobs and to harmonize Canada's labour and social standards with the lower ones in the United States. As well, the brief underlines that the Prime Minister has cited the U.S. unemployment system in defending the cuts. The CLC also emphasizes that, in the U.S., less than 40 per cent of unemployed workers are entitled to benefits, that the maximum benefit period is 26 weeks, and that most state-run UI programs have a 50 per cent benefit rate or lower.

Whatever the rationale behind Bill C-113, one thing is clear: Canada's unemployed will bear the brunt of this devastating and ill-considered policy devised by the Conservative government.

[*Translation*]

As I said earlier, with the new restrictions on unemployment insurance benefits, from now on the burden of proof will be on the employee who quits his job. In 1986, the Tories set up the Forget Commission, which recommended sweeping changes in the existing unemployment insurance system. However, Claude Forget himself challenged the measures in Bill C-113 and referred to them as examples of poor political timing and useless economic measures, as well as a waste of time and leading to a loss of political credibility. They didn't have much political credibility left, in any case.

Since the burden of proof will be on them, victims of sexual harassment and people working under terrible conditions will be unlikely to file a complaint. Immigrant women and non-union workers will be even more vulnerable than before. The government should not introduce measures that practically chain employees to their jobs, even if working conditions become intolerable.

In taking this approach, the Conservative government has completely overlooked one of the essential aspects of the unemployment insurance system. The system must not only provide an income substitute but also encourage employee mobility. Draconian and punitive measures will, however, discourage many people from looking for better jobs, so that many workers will have to be satisfied with low-paying, dead-end jobs.

If this bill is passed, the system may be swept by an avalanche of court appeals. That is another aspect this government has overlooked. For instance, in 1991, unemployment insurance benefits were denied 191,000 claimants, allegedly because they had quit without just cause. However, 19,000 claimants managed to win their case, either through an in-house review or before a board of referees. The minister hardly has the resources to deal with current appeal cases. Since the new regulations come down harder on employees who quit, the number of appeals can be expected to soar and thus overload the system.

Honourable senators, the government claims this bill is necessary to reduce the number of people who abuse the system by quitting without just cause. However, the government's timing is slightly off, because according to the statistics, fewer employees are quitting as a result of the recession. In September 1988, when the Canadian economy was in full flight, more than 31,000 people quit their jobs, compared with only 26,000 in September 1990 and 16,700 in September 1992. The recession and the additional sanctions provided under Bill C-21 do not really encourage Canadians to change jobs. The only thing the Tories have accomplished with this bill is to seriously restrict manpower mobility and pauperize people who look for a new job.

[*English*]

In some jurisdictions, for instance, those denied benefits under the "just cause" proposal would not automatically be eligible to collect social assistance. Municipalities have the discretionary power to adjust or delay receipt of social assistance benefits for those who have voluntarily quit their jobs. In addition, it is unlikely individuals would be immediately eligible for social assistance while they plead their cases through the appeal process.

It makes no sense whatsoever to remove the safety net protecting unemployed Canadians. It makes no sense to impoverish some of them as they seek to make the transition from one job to another. This is yet another example of the federal government shifting its responsibilities to a lower level of government. It is strikingly similar to what the Conservatives did with the restrictive measures contained in Bill C-21.

[*Translation*]

Opposition to that measure is so widespread that it has gained support from various groups who rarely stand together. According to union and management leaders from Quebec, many of the province's seasonal workers will be hard hit by those reforms. The unions also think that since the only money going into the unemployment insurance fund is employer and employee contributions, the federal government cannot change the management of that fund without first consulting these two groups. Employers agree in principle. Furthermore, as we have seen earlier in the article from *Le Devoir*, union leaders fear that certain companies will announce wage cuts as soon as the bill is passed since employees displeased with that decision would not be eligible to UI benefits if they quit.

[*English*]

The percentage of unemployed workers receiving UI benefits has dropped from 70 per cent prior to the recession to the current level of about 58 per cent. Massive and long-term unemployment created by the recession, coupled with restrictions to UI implemented by Bill C-21, have resulted in a new class of unemployed who have exhausted their claims or are ineligible to receive benefits. Under the changes proposed by Bill C-113, the percentage of unemployed workers receiving benefits could decline to 50 per cent or less. The Americans would be happy.

[*Translation*]

As you know, honourable senators, Bill C-113 succeeds Bill C-105. This bill caused such a raising of hackles that the government had to react by coming up with Bill C-113, which is hardly any more acceptable. Minister Valcourt does not hide his intention to maintain the basic principles of Bill C-105. He said:

> There is no question of compromising or going back on this basic principle of penalizing quitters.

This must be the sentence which shocked Senator Chaput-Rolland!

While the new provisions give increased powers to the arbitration boards to protect the privacy of victims of sexual harassment, the flaws in the first bill remain: The burden of proof is still on the victim of harassment. This provision requires victims to confront their aggressor, although many of them would gladly forgo that. Furthermore, the bill does not consider the exorbitant costs which these women must pay to prove that they have just cause for quitting. A leaked document from the federal Department of Employment and Immigration lists the options for victims of harassment, including:

— put up with the situation until a new job is found —

Put up with it!

— complain to the appropriate legal authorities —

In short, you are on your own!

In addition, section 76 of the act as amended by Bill C-113 says that the Employment and Immigration Commission may, with the approval of the Governor in Council, make regulations to apply these measures. This has little weight, since the Commission is not required to implement them.

Reacting to the opposition to Bill C-113 and the drastic provisions for those who quit, the government has tried to pull the wool over our eyes. The alleged nine new categories of just cause for quitting that were added to the five existing categories only bring together a set of legal precedents that cover 40 valid reasons. The bill adds nothing new since Employment and Immigration officials already take account of this jurisprudence. In fact, six of the forty reasons mentioned will not be in the act and one of the nine new categories, the one concerning unions and other associations of employees, was already in the Unemployment Insurance Act.

Among the countless flaws of Bill C-113, let us mention the one which provides that the commission will regulate the conditions in which someone who loses a job is entitled to unemployment insurance. The minister said that people who participate in a program to compensate those who leave voluntarily would not be considered quitters. However, there is nothing specific about it in the bill. Besides, it seems that employees who decide to take early retirement, perhaps in anticipation of losing their job, will not be entitled to unemployment insurance benefits.

[*English*]

• (1600)

Clearly, this measure is totally unacceptable. Mr. Valcourt has, fortunately, already backed down from the phone line that he had intended to use to denounce abusers. However, I believe he should have thrown out the entire package along with that ridiculous proposal.

Finally, I should like to underline an important fact which I believe clearly points to the government's bad faith. The government has said it was implementing Bill C-113 to curb rising costs in the unemployment insurance fund and to weed out abusers. Well, although there is presently a serious deficit in that fund, I would suggest that it is the government's own doing. In fact, in 1990, just before Bill C-21 was passed — and some of you remember that — there was a large surplus in the UI fund. At that time the government decided to finance training programs with the money in that fund. As a result, billions of dollars have been taken from the fund for training, which accounts for its considerable deficit, as we had predicted.

In the years prior to Bill C-21, the UI fund usually ran a profit during good economic times. This, in turn, helped pay for benefits for economic downturns, when the fund accrued a deficit. Now, as a result of manipulative and cynical Tory policies, the fund is running a deficit.

In any event, a majority of Canadians — 54 per cent according to a Gallup poll released on February 20 — oppose this ill-considered legislation, and the government, if it has any backbone and compassion left, must withdraw it immediately.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I was touched by the words of a former Liberal, Senator Chaput-Rolland, and her instinctive distaste for this legislation. I thought that she might have been inspired by the short sentence that has sometimes been called the first sentence of the renaissance: "It is human to help those that need help." That sentence is said to be the first sentence of the renaissance and is from Boccaccio's *Decameron*. My own copy says, " 'Tis human to have compassion upon the unhappy." But it is most frequently cited as I first cited it, namely, "It is human to help those that need help."

The corollary is that it is inhuman not to offer such help. This inhuman legislation is another count in the long indictment against this government's inhumanity.

[*Translation*]

Senator Molgat: Honourable senators, I see Senator Bolduc rising. That means he will put an end to this debate, which frankly is somewhat surprising. It is incredible that only the mover of such an important bill has risen in favour of it; obviously all the senators opposite are ashamed of this bill. They are clearly not ready to defend it.

Senator Frith: Not even Senator Chaput-Rolland.

Senator Molgat: Not one of them is willing to rise; the bill sponsor is the only one. If Senator Simard wants to speak, he is invited to do so. We are inviting you, Senator Simard. I will take my seat and give you the floor. No! Not even Senator Simard is willing to defend the interests of the poor in our society.

Senator Hébert: He has been with the wealthy far too long.

Senator Molgat: It is obvious that Senator Bolduc is the only one. He is the one who was assigned the task of presenting this bill; an ill-advised initiative, it seems to me, since the objections have been coming from his own province, the ones we heard in the Conservative caucus anyway, and he is the one whom they picked for the unpleasant job of presenting this bill.

[*English*]

Honourable senators, it is extremely surprising. Not one single member on the other side to defend this bill. Not one, except the sponsor of the bill!

Senator Bonnell: Big business!

Senator Perrault: Just a bankruptcy!

• (1610)

Senator Molgat: Yet, if one has listened to the interventions on this side, one can only conclude that the objections to the bill have been very well presented. It is one more Tory step in making the poor, those who are least able to pay for the extravagances of this government, pay for the vast sums of money that this government has squandered. It is picking on the most unfortunate in our society — those who need, for example, unemployment insurance and many other programs — to settle the problems of the finances of this country.

Senator Simard: What is your alternative?

[*Translation*]

Senator Molgat: Well, Senator Simard, if you want the floor, please rise, by all means.

Senator Frith: Come on, Senator Simard.

[*English*]

Senator Simard: I am asking a question.

Senator Frith: What is the matter? Are you stuck in your seat by glue or something? Can't you stand up? If you stand up, will your chair be stuck to your you-know-what?

[*Translation*]

Senator Molgat: Come on, Senator Simard, take the floor. Be my guest!

[*English*]

Senator Perrault: They are ashamed of the bill.

Senator Molgat: There can be millions for the big corporations, and that does not affect my friends across the way one little bit, but when it comes to the deficit, the poor and the working poor in this country must pay.

Therefore, my honourable friends, it is with great regret that I see this bill proceeding, and that my honourable friends opposite are not prepared to take amendments, either in the other place or, I presume, here from the way they are proceeding. They have proceeded in the other place as they have here — again using the guillotine to force this measure down the throats of Canadians. This bill is a bad piece of legislation, and it is most regrettable that the government is pushing it through in this way.

Some Hon. Senators: Hear, hear.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I was not going to speak, but I will explain why I changed my mind. The minister who proposed the amendments to the Unemployment Insurance Act is the Honourable Bernard Valcourt, who represents the riding I had the honour to represent in the House of Commons for 16 years, from 1968 to 1984. During that time, I received many requests from unemployment insurance claimants to help them with their claims.

Madawaska-Victoria is a federal riding where the job supply and demand fluctuates considerably. We have fairly high seasonal employment, because of the type of industry in this part of Northwest New Brunswick which is quite similar to what we find next door in Quebec, in Témiscouata, for instance: Both regions are very dependent on the forestry industry. Both also have a strong farming sector, although maybe more so in New Brunswick. The service sector in Madawaska-Victoria is a major wage producer. The railway sector — or what is left of it, since this government is bent on deep-sixing railways in this country — is also a major employer.

Hundreds of thousands of people literally depend on the forestry industry. There is more to it than pulp and paper plants. The wood is first processed in these plants and there is logging and, of course, the transportation sector.

Spring is tree planting time. In fact, this is a sector where a great New Brunswicker called Kenneth C. Irving, who died last year, was an innovator. The modern approach to forestry regeneration was first introduced in the riding of Madawaska-Victoria, on the Irving company's land. People who work in this sector are restricted by the weather. You can't plant trees in winter when the ground is frozen six, seven or eight feet deep. That is pretty obvious. However, the people who plant trees do not necessarily find other kinds of work during the rest of the year.

There are also in the riding of Madawaska-Victoria, in the agricultural sector, the large McCain Food factories that employ a great many seasonal workers. Those are not people who go vacationing in winter in Florida, the Bahamas, Bermuda or Hawaii. Those are people who work shifts, over the weekend or at night, and do not always have a job twelve months a year; on the contrary.

During all the time I was a Member of Parliament, I seldom saw cases of UI abuse. I say seldom because there were a few cases. I am not sure Minister Valcourt has been in Madawaska-Victoria to make the same speech he made here in Ottawa or in front of the Press Club. At least I have not heard of that. The local media did not report it if he went to tell people of Madawaska-Victoria the same things he said here in the House of Commons, at the entrance of the House of Commons or on the stairways of Parliament. I do not know.

But there is one thing I know, and that is there are a great many unemployed people in Madawaska-Victoria. Those unemployed people elected me five times in a row, each time with an increased majority, because in the Trudeau years we took care of the unemployed. We were taking care of the jobless and their families.

Nobody was claiming back in those days that people were using their benefits to go on a ski trip in the Rockies. That is fiction, some new thing the minister responsible has made up. I am amazed and surprised that a minister from an area that is neither poor nor rich would say such a thing. After all, Madawaska-Victoria is hardly the industrial heartland of the country. It is not where 10 new jobs are created every day. It is an area that actually depends on programs such as the UI program.

I would have felt ashamed if I did not rise today to oppose this plan. I could not have faced my former constituents to tell them that, when given the opportunity to speak against this government bill in the Senate, I remained seated. That is why I rose today, and I did so with no partisan intent. Minister Valcourt would be the first to admit that I have never been one to stick my nose in his business. He was also elected to uphold legislation that is necessary for the workers in his area. This time, however, I felt the need to put in a word. And that is that Mr. Valcourt should not go about it this way, and I want my constituents to know that I do not support this legislation and that, every chance I get, I will be speaking against this initiative of Mr. Valcourt because I find it inhuman.

I know what I am talking about because I am thoroughly familiar with my region. I know those families who have to make enormous sacrifices just to give an education to their children, for instance. They have to send them away to get the training required to set up in business or land a good job.

Therefore, I find it most distressing when government now plans to use its guillotine tactics to ram this bill through. I listened to Senator Bolduc's speech last night. He did not write that speech. It was obvious that it had been written for Mr. Valcourt. It addressed strictly regional issues relating to Atlantic Canada. It had obviously been written for Mr. Valcourt.

Senator Bolduc gave it here in the Senate, but he did not convince me. I do not hold it against him. He is a loyal servant of the Progressive Conservative Party. He is doing his job. He does his work as a Tory senator, but has Senator Bolduc ever met with poor workers? Has Senator Bolduc ever received unemployment insurance benefits?

Believe it or not, I must admit that I myself once took advantage of unemployment insurance for a very short period of time when I was young. My appointment to the Senate was

not a gift of God. I worked my way up to this place. I believe I have proven myself, but I have not forgotten any of those who elected me to the House of Commons. I was elected to protect their interests, to protect the interests of Madawaska-Victoria. Today, who protects the interests of New Brunswick, of the four Atlantic provinces? They are among the regions most adversely affected by the recession. Who speaks for those workers across the way? They were asked to do so, but no one stood up. That will be known in New Brunswick.

The Hon. The Speaker *pro tempore*: Honourable senators, I wish to inform the Senate that if Senator Bolduc speaks now, his speech will have the effect of closing the debate on second reading of this bill.

Hon. Roch Bolduc: Honorable senators, I just want to add a few words to what I said yesterday. I simply want to give a few statistics, like, for instance, the fact that the unemployment insurance fund, which had a budgetary surplus of $2.2 billion two years ago, has a deficit of $4.5 billion in 1992. If the act is not amended, next year, i.e. 1993, the deficit will reach $8.5 billion.

I can understand why our opponents say they are compassionate, they support the most disadvantaged and the weakest, they are most caring. I can understand that, and also that we are of course the tough ones, the heartless ones and that we are set against people, mostly against the ordinary people. But you know very well that it is not true. It is just rhetoric and demagogy and so on. That is not the point. The point is the legacy of 15 years of liberal administration with deficits that did not make sense. A debt of some $200 billion!

At least we have the merit of not increasing the debt.

Senator Molgat: After the best years that Canada has ever had?

Senator Bolduc: Honourable senators, we did not increase the debt, which stood at $200 billion. So if you figure 8 or 9 per cent composite interest over 8 years, that brings the total up to $400 billion, which is where we stand right now, $400 or $450 billion. So we did not increase the debt. We had the courage to cut where we could. We trimmed the fat in every way possible.

Yesterday, I gave you a statistic and nobody on the other side commented on it.

[*English*]

• (1620)

Unemployment insurance program delivers 54.4 per cent of its benefit to families...

Senator Thériault: Says who?

Senator Frith: The Fraser Institute again, perhaps?

Senator Perrault: What's the source of the quotation and the page number?

Senator Bolduc: As I was saying:

Unemployment insurance program delivers 54.4 per cent of its benefit to families whose incomes are above the national average.

[*Translation*]

That is why we have a deficit problem in Canada.

[*English*]

Senator Frith: The gospel according to Walker, one of your apostles.

[*Translation*]

Senator Bolduc: You have to give him credit at least for one thing: he knows how to count. I am not saying that he does not have any ideas, but he is very good in maths, and that is important since we are dealing with numbers here.

[*English*]

Senator Frith: Yes, he is one of the world's best known liberal human thinkers.

Senator Perrault: He never did give us the source.

Senator Frith: He accepted that the source is Walker.

Senator Perrault: Are you ashamed of your source? You are not giving us the page number. You know the rules.

[*Translation*]

Senator Bolduc: Of course, on the other side of the house, they are smart. The government adds $ 2.2 billion to training. It seems reasonable to me. I do not want to go further than that. I simply want to tell you that we have a problem of public finances. We must overcome it. What does the government do? It does its best. It tries to look at the programs, one by one, and it had to cut in different areas. We cannot cut only operating expenditures. They account for only 13 or 14 per cent of the total government expenditures. So, if we abolished all departments and all agencies, that is, all the operating expenditures, we would have gained only 13 per cent. You can see full well that that it is not the way we are going to solve the problem, so we must look elsewhere. Where is the money? In the old age pensions and the family allowances.

You make me think of ex-senator Buckwold. Senator Buckwold made a big fuss, a terrible scene, because we were taking away his old age pension. He made a terrible scene when he said: "You are giving up the universality principle."

Senator Thériault: It is not serious; they are the Conservatives.

Senator Bolduc: We took the money from the seniors who were able to survive and gave it to the people who could not.

[*English*]

Senator Frith: Billy Graham with the Fraser Institute Bible College looking for converts.

Senator Perrault: He is saying let them eat cake.

Senator Frith: Get on with the dirty deed.

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Bolduc, seconded by the Honourable Senator Meighen, that this bill be read the second time.

It is your pleasure to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

Is there agreement on the length of the bell?

Hon. William M. Kelly: Your Honour, may we have a 30-minute bell?

Senator Thériault: Six months!

The Hon. the Speaker: The vote will take place at five o'clock.

● (1700)

Motion of Senator Bolduc carried on the following division:

YEAS

HONOURABLE SENATORS

Atkins	Macdonald (*Cape Breton*)
Balfour	MacDonald (*Halifax*)
Baroutes	Macquarrie
Berntson	Marshall
Bolduc	Meighen
Buchanan	Molson
Carney	Murray
Cochrane	Oliver
Cogger	Ottenheimer
Comeau	Poitras
Di Nino	Rivest
Doyle	Robertson
Forrestall	Ross
Ghitter	Rossiter
Johnson	Simard
Kelleher	Spivak
Kelly	Stratton
Kinsella	Sylvain — 38.
Lavoie-Roux	
Lynch-Staunton	

NAYS

HONOURABLE SENATORS

Adams	Marchand
Austin	Molgat
Bonnell	Neiman
Bosa	Olson
Cools	Perrault
Corbin	Petten
Davey	Rizutto
Fairbairn	Robichaud
Frith	Sparrow
Graham	Stewart
Hébert	Stollery
Lawson	Thériault
LeBlanc (*Beauséjour*)	Watt
Lewis	Wood — 29.
MacEachen	

ABSTENTIONS

HONOURABLE SENATOR

Chaput-Rolland — 1.

REFERRED TO COMMITTEE

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

On motion of Senator Bolduc, bill referred to the Standing Senate Committee on National Finance.

• (1710)

BUDGET IMPLEMENTATION (FISCAL MEASURES) BILL, 1992

THIRD READING—DEBATE ADJOURNED

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the third reading of Bill C-76, to amend certain statutes to implement certain fiscal provisions of the budget tabled in Parliament on February 25, 1992.

Hon. John B. Stewart: Honourable senators, Bill C-76 is an omnibus bill which deals with three matters. I will say something about each of those three matters. I do not think what I am going to say on the first two will be controversial; certainly, it will not be partisan.

Clause 12 of the bill relates to the Lobbyists Registration Act. It provides:

> The Governor in Council may make regulations
>
> (*a*) requiring a fee to be paid on the filing of a return, or a return of a class of returns...

As required by the Lobbyists Registration Act.

In the committee, a question was raised as to the appropriate level of fee to be charged. It was pointed out that the word "lobbyist" covers two or three different categories. For example, the Canadian Student Federation is a lobby and would have to pay whatever fee is prescribed by the regulations to be made pursuant to the proposed clause 12.

Similarly, those people in Ottawa who hang out their shingles and advertise for business with signs at the Ottawa Airport saying, "Come to us if you really want to get the ear of the Deputy Minister," they too will have to pay a fee. The question was raised in committee: "Will the regulation distinguish as between these two types of lobbyists?"

In the first presentation in the committee, there was no indication that a distinction would be made. However, when the Minister of Finance appeared before the committee, he indicated that cognizance would be taken of this difference. That was helpful. We know that Senator Murray believes, and of course correctly, that assurances given by ministers or deputy ministers in committee are not binding, that it is the words of the statute which are binding. However, in this case, it seems reasonable to assume that the Governor in Council will recognize the difference as Mr. Mazankowski has recognized it. This is what he said:

> I would not want you to take that as a given, but my sense is that it would certainly be a matter for consideration, because I believe the two have to be viewed in a completely different context. I am not sure what Minister Vincent has said about that but my sense is that, because of the difference between the two types of lobbyists, there would obviously be some difference in the way the fees would be handled.

It is good to have that comment by the Minister of Finance on the record, and if the committee accomplished nothing else, it was worthwhile to have the bill examined in the committee and to have that comment in our records.

While I am on this matter of lobbyists, and when the credibility of government and Parliament is being questioned in polls and public statements right across the country, we all have to recognize that there has come to be far too close a relationship between lobbyists and political parties. I do not say "the government party," but political parties.

For example, in today's Ottawa *Citizen* there is a story by Jane Taber. She mentions the names of lobbyists and how they are integrating themselves as key players in the Progressive Conservative leadership campaign. The article states:

> In some cases, one firm is with one candidate, but in others, lobby firms are split down the middle, sharing their people with both candidates.
>
> What is this? Individual preference? Commitment to the ideals and policies of a certain candidate? Or the cynical view: covering yourself for the day after the vote, ensuring that your firm has access to the inner sanctum?

I am not protesting against lobbying. I suppose it is inevitable. What I am saying is that it is unfortunate that we find this very close relationship between party activity on the one hand and lobbyists on the other. This is not confined to the Progressive Conservative Party. I anticipate that if the Liberals win the election — I hope they will — that we will have exactly the same type of problem. I hope that we will recognize it and cope with it in some way. If there is anything that makes the people of the country cynical, it is this close relationship between hired lobbyists and the government.

The notion is beginning to spread that if the lobbyist gets a big fee for a certain bill — pharmaceuticals, helicopters, what have you — that it was the fee which really drove the legislation, not the substance of the legislation. If we are to have a healthy political system in Canada, we have to do things which do not foster and nurture that type of cynical view in the public mind.

The second part of the bill to which I wish to refer is the part that amends the Salaries Act. Clause 14 of the bill provides for a reduction in the salary of the Prime Minister and clause 15 provides for a reduction in the salaries of the other ministers.

I drew attention to this in the committee and I asked: "Are we making a mistake?" We all recognize that the purpose of these freezes and reductions in ministerial pay is to let the people see that the Prime Minister and the other ministers are sharing in the hardships the people are suffering.

• (1720)

But how far can we go? At some point — I think Mr. Mazankowski in his testimony was prepared to recognize this — we reach a point at which we will be recruiting people and retaining them in public life primarily by reason of ambition. They and their families will have to make major financial sacrifices to pay for their ambitions.

Of course, a point will be reached at which some people will say, "Look, I have done enough. I'm getting out." The result will be that we will lose competent people and the country will suffer. For a total saving of, perhaps, $100,000 — the saving achieved by this bill — we make it difficult for people the country needs to remain in public life.

Mr. Mazankowski agreed with that line of thinking in general, but he said that we have not reached that point yet in Canada. He told us in his testimony:

> I should say, one of the best kept secrets around this place is the fact that Members of Parliament and cabinet ministers have subjected themselves to a number of wage cuts or freezes. I think this is about the sixth one.

Prompted by that, I asked for information showing the various freezes and cuts. It turns out that he was about right. There have been eight freezes or cuts, starting from the November 1984 economic statement. The Treasury Board has provided the National Finance committee with a table showing the results of each of these freezes and cuts, down through the period to which the bill with which we are now dealing applies, 1993 to 1995.

I should like to read what Mr. Mazankowski said. He was dealing with my argument that these freezes and cuts may not be wise policy. Freezes and cuts seem to be a settled tactic of the government. They first used it in the fall of 1984. They have done it again and again since then. They have said to the people of Canada, "We are bringing in measures which we expect may cause some pain, but we, the Prime Minister and his colleagues, are sharing in that pain." Let us call that a public relations tactic. I do not think it is intended to save money because the amounts of money involved are not great.

This is what Mr. Mazankowski said:

> I suppose there is a point which you cross over where you may discourage people from entering public life and participating in the process. I am not sure that we have reached that. I will take your admonition and refer it to the appropriate authorities.

Honourable senators, look at the information provided by Treasury Board. I was surprised when I saw it. I thought that I would see that ministers' salaries and expense allowances, that is, expense allowances paid to them as members of the House of Commons — I am excluding Senator Murray here, for the sake of simplicity —

Senator Murray: Who is a very frugal minister.

Senator Frith: "...for the sake of simplicity" were the words.

Senator Stewart: I thought I would see that they had had minimal increases over the years and that the figures would be a glaring demonstration of how ministers have been compelled to tighten their belts.

However, that is not what the figures show. For example, notwithstanding the freezes and cuts, the Prime Minister's salary went from $52,900 to $73,600 between 1985 and 1991. He will be cut back from $73,600 to $69,920 by reason of this bill, so it is not as savage a restraint as the rhetoric may suggest.

In the case of the other ministers, their salaries went up from $37,500 to $49,100 in 1991. They will now be dropped back to $46,600. Again, it is not as savage a belt tightening as I had expected.

They are, of course, eligible for the sessional indemnity. That has gone from $54,600 in 1985 to $64,400 in 1991, at which level it is to remain through 1992 and 1993-95.

Then, of course, there is the tax-free expense allowance. According to Mr. Mazankowski, this is the only expense payment made to ministers as members of the House of Commons. What the figures show is that the payment on account of expenses incurred as members of Parliament has gone from $18,200 to $21,300 for ordinary constituencies.

Hon. Lowell Murray (Leader of the Government): Over what period was that for, senator?

Senator Stewart: That is from 1985 to 1991, and it remained constant at that level in 1992. It will remain constant at $21,300 for 1993-95.

This information has been provided to the National Finance committee and will appear in the records of the committee.

Senator Murray: I take it these increases are the result of automatic escalators built into the Parliament of Canada Act, are they not?

Senator Stewart: Yes, I think that is correct, Senator Murray. There would have been automatic increases in sessional indemnities, in the payment to members of Parliament on account of their expenses, and then in ministerial salaries.

However, what has happened is that on eight occasions there has been intervention, either to freeze the payments or to reduce what would otherwise have taken place. Even with those eight applications of the brakes, the increase has been considerable, especially in the case of the Prime Minister who went up from $53,000 in 1985 to $70,600 in 1991.

• (1730)

Senator Murray: Presumably because he starts with a bigger base.

Senator Stewart: Yes, presumably. As I say, perhaps the caution on freezes and cuts I was sounding were not quite as pertinent as I thought they were. It would appear that ministers have not done too badly. Given the fact that both the sessional indemnity and the tax-free expense allowance has gone up, the ministers in the House of Commons have not done that badly.

Senator Murray: Just to complete the record, senator, do you have the relevant figures for members of the Senate?

Senator Stewart: No. I remind you of how we got into this. We got into this because of the provision in Bill C-76 that the salary of the Prime Minister and the other ministers will be reduced. I apologize to Senator Murray for not immediately springing to his defence. I confess that I forgot about him.

Senator Murray: If you want to know, and I think you do know, I would receive the same ministerial salary as any other minister and the same sessional indemnity as any senator or member of Parliament, but of course, as you know, our tax-free allowance as senators is roughly half of what members of the House of Commons —

An Hon. Senator: Less than that.

Senator Murray: In any case, as to the senators, I think what you said about the sessional indemnity of members of Parliament holds true for senators. That is, over the period from 1985 to 1991, their sessional indemnity increased from $54,600 to $64,400 and is to be frozen. Just as the employees of the government, all of us will have two years of zero.

Senator Stewart: I think that what Senator Murray has said is accurate.

Let me read what Mr. Mazankowksi said by way of summary.

> Not taking into account the initiatives that were taken in the December 2 economic statement, sessional and expense allowances of MPs would have increased by 2.9 per cent over the period 1984 to date.

At that point, I asked if that covers all payments to members of Parliament on account of expenses which they have incurred. Mr. Mazankowski replied:

> Sessional and expenses allowances that they have incurred, that is right. That would include salary and expenses.

I asked whether it was expenses of all kinds, and Mr. Mazankowski said that it was. So there we have the whole story.

Hon. Finlay MacDonald: Why would you not simply content yourself by proving that any of the eight applications was simply symbolism? Everyone would be in agreement with that. It is all symbolism.

Senator Stewart: I am sorry, I am not hearing the honourable senator.

Senator Perrault: He said it is all symbolism.

Senator MacDonald: I said I thought you might be content to make the point that these eight applications of cuts, making sacrifices on the part of the cabinet and so on, was simply symbolism, because we would all agree with that. At least I would.

Senator Stewart: I do not know what the thrust of your question is. Am I boring you, Senator MacDonald?

Senator MacDonald: You may be a tad pedantic, but not boring.

Senator Stewart: All right, I guess you never were a good student.

Senator Molgat: It is window dressing, you mean.

Senator Stewart: No, I do say that, Senator MacDonald, because although I agree with you that, as Mr. Mazankowksi says, this is not really intended to save much money, it is designed to make palatable certain other unpleasant things that the government thinks have to be done. The other side of the coin, the one on which I focused, is whether we are paying too big a price in terms of impact on the quality of service to the public for this symbolism. I do not think I would have raised the point at all if it had been only a matter of symbolism.

Let us now turn to the third part of the bill. I expect that I will not get as much agreement on what I have to say about it. This part refers to the Canada Student Loans Act. There is no

question but that the Canada Student Loans Act is an extraordinarily difficult piece of legislation to administer properly. It raises all the problems of divided jurisdiction. There is the question of jurisdiction as between Canada on the one part and the provincial governments on the other. There is the question of divided jurisdiction between the provincial governments and the universities. There is the question of divided jurisdiction between the Government of Canada and the lending agencies, the banks.

We had very good testimony on these difficulties from the officials. Evidently, divided jurisdiction is raising serious administrative problems, particularly with regard to defaulters. The government is struggling to find some way to cope with the banks, because it seems the banks are more than happy to make loans guaranteed by the Government of Canada. Then, if a former student goes into default, the bank simply sends him or her a letter. If the repayment is not forthcoming, the bank then requests the money from the Government of Canada on the ground that the bank cannot collect it.

However, these are not the problems with which Bill C-76 deals. Insofar as Canada student loans are concerned, Bill C-76 says that students going into universities hereafter — the measure is not retroactive — will have to pay interest on the loan during the first six months after they have graduated from university. We heard no suggestion that this is a part of a remedy for the problems about which we heard in committee. This measure is designed primarily to save some money, the interest on the loans for that six-month period.

The bill is very unpopular with students. The government says that we all have to do our best in these tough economic times; students, too, have to tighten their belts. In isolation that is a relatively convincing argument but, honourable senators, let us remember what this same government is doing with another bill, Bill C-92. That is the bill to extend the tax exemption on trusts. With regard to this matter, Sidney Goldstein of Goldstein, Goldstein and Goldstein has said that there is no question that it represents a massive windfall for existing trusts.

• (1740)

Kathryn Bush from Blake, Cassels has said that a cynical person might suggest that pressure from influential political supporters also should be listed as a reason for the draft legislation. Neil Brooks of Osgoode Hall has said the government has given Canada's wealthiest families notice that it intends to give them a gift worth several billion dollars.

Senator Thériault: Look what they just did with the UI bill.

Senator Stewart: A representative of Fraser & Beatty has said that if legislation now before Parliament is not passed before the end of the year, thousands of trusts could be hit with massive tax bills.

It will be very difficult to convince the students of Canada that it is really fair for Parliament to change the law to require them to pay interest on their loans during the six-month period after they graduate and while many of them will still be looking for jobs when, on the other hand, the same government is making gifts of millions, perhaps billions, of dollars to Canada's wealthiest families by tax changes.

I do not know whether these two proposals originated in quite different parts of the government, but surely at some point or other, even for the sake of appearances, there should have been an attempt at reconciliation.

With Bill C-92 dealing with these trusts now before Parliament, I do not see how this house in good conscience can ask students, many of whom will be having a real tough time, to assume the burden of the interest on their loans in the weeks and months immediately after they have graduated. In terms of dollars it may not look like a great burden. But think of the symbolism. We should do something about these sections of Bill C-76.

MOTION IN AMENDMENT—DEBATE ADJOURNED

Hon. Raymond J. Perrault: Honourable senators, I know that all of us have appreciated hearing the very excellent words of Senator Stewart. I spoke on Bill C-76 a few days ago. I do not intend to retrace my footsteps, but I have an initiative this evening that I hope will be supported by a majority of senators. First of all, however, I will review, basically, why some of us are opposed to this bill.

As you know, Bill C-76 removes the six-month grace period for Canada student loans, thereby adding six months of additional interest costs to those students who have to borrow to access post-secondary education.

In light of the information which has just been conveyed to the chamber by Senator Stewart, such an initiative by the government is positively obscene. Designating the students as a resource centre to be treated economically in this fashion and burdened so onerously is an obscene action on the part of the government.

I attended the committee meetings on this bill. Finance officials stated that the additional six months of interest would cost $35 million annually to Canada's students. Billions of dollars of money to the richest families in Canada; $35 million additional burden on the backs of the students. How can anyone in conscience support this kind of initiative? I know in your secret hearts many of you are just as repelled by the idea of adding this burden as are some of us on this side.

In the 1992 budget, the government promised to remove the 3 per cent tax on student loans in favour of the additional six months of interest. Time and time again we have been told by honourable senators and spokesmen and apologists for the government that this is a government that keeps its promises. However, Bill C-76 adds six months of interest, but does not touch the 3 per cent tax on student loans. That is unfair; it is wrong; it is a breach of trust and a breach of faith with the students of this country, and yet there are some of you who may be willing to support Bill C-76.

The Finance minister has promised a complete overhaul of the program since 1990. He spoke with some eloquence at the committee meeting the other evening, and I was able to obtain a typewritten transcript only an hour ago of what he said. He stated that the government has:

> ... entered into negotiations with lenders on a new financing structure for the Canada Student Loans Program. That negotiation is currently under way. [My assistant] will have a further explanation as to the process.

Then the minister, Mr. Mazankowski said:

> We entered into negotiations to establish a new financing structure in order to reduce the high default costs and to improve the overall efficiency of the program. In this regard, the government recently released a request for financing and as of the March 12 deadline we have received a number of responses. It is expected that the new financing arrangements will include lender risk sharing, a new rate structure and administrative streamlining.

If we are to believe the minister, a whole new approach to student financing is just about to be introduced. Then he continued:

> It is also expected that financial restructuring will enable the government to increase the aid to needy students and to eliminate the 3 per cent guarantee fee on new loans.

Where have we heard that promise before? A couple of years ago, was the same promise made?

He said:

> This was another issue of concern to the Canadian Federation of Students.
>
> I want to assure all honourable senators that under the new financing arrangements needy students will continue to have access to Canada students loans so they can pursue their post-secondary studies. The government will continue to provide subsidized loans while students are in school and borrowers will have reasonable repayment costs.

This is supposedly part of the new package which is to be introduced. Then he said this:

> The legislation establishing the new financing arrangement is expected to be introduced shortly.

Why the unseemly haste to dismantle parts of the program now? What is the rush? Rushing through this incomplete so-called reform in the student loan program is ridiculous. We should simply hoist these proposals and wait until the new package is available for Parliament to study.

I remind honourable senators that Mr. Mazankowski has said that the legislation will be introduced shortly. He also said:

> I would like to remind the committee that the opportunity will present itself to debate these and other issues not dealt with in the narrow focus of Bill C-76 when the new legislation is introduced.

Your own minister says Bill C-76 has a narrow focus and the proposals contained therein pertaining to the students are limited, narrow and restricted. Logic leads some of us to the belief that if we are just about to see these great reforms, then we should omit those sections of this bill which pertain to the student loan program. The minister has promised a complete overhaul of the program; yet, in Bill C-76, we have this "piecemeal" approach.

While the 3 per cent tax has yielded $23.4 million annually, the new tax will yield another $35 million, totalling approximately $60 million annual burden on the back of the student. This is another example of the government attacking those who are poor and needy, those required to borrow, rather than addressing the problems of poverty and accessibility to post-secondary education.

It is in that spirit that I propose and move:

> THAT Bill C-76 be amended by deleting Clauses 2 and 3 at pages 1 and 2, Clauses 4, 5, 6 and 7 at pages 2 and 3, Clause 8 at pages 4, 5 and 6 and 7, and Clause 9 and 10 at page 7 and 8.

This amendment will delete all clauses dealing with the Canada Student Loans Act. I ask for the support of the right-thinking members of this chamber for this proposal.

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

Hon. Noël A. Kinsella: Honourable senators, I would like to speak to you about the amendment and the main motion, if I may. I will only take a few moments.

● (1750)

Having participated in some of the hearings of the National Finance committee, I was immensely impressed with the testimony that we heard both from the Canadian Federation of Students and also from officials from the Department of the Secretary of State. We have heard some important points today. The model upon which the current Canada Student Loans Program is based, which was designed back in the early sixties, astonishingly has never been examined.

We put the question to the director of the Student Aid Program, Miss Meloshe: "When was the last time the Student Aid Program was subject to a program evaluation?" We were astonished to learn that it had never been subjected to a proper program evaluation. It was astonishing to learn that a program of that importance, and framed in the world of the mid-sixties, had gone on for so long. Given the complexity that Senators Perrault and Stewart have alluded to involving all the jurisdictions and the relations between universities, the students and the banks, it is surprising that we have not sat down to ask whether that model or that program is achieving the objectives that it was originally set out to achieve, which is the whole purpose of a program evaluation.

Honourable senators are all aware that Canada contributes an enormous amount of money to higher education in this country, and that we rank favourably with other countries around the world in terms of the per capita contribution. Canadians certainly have a right to see that we are getting the full benefit of that investment, as do the students.

One cannot help but be impressed by the debt that so many students are carrying with them upon graduation. Not too many of us would like to be starting out in life with a $10,000 or $12,000 debt. That is one of the results of the model that we have. The question that has to be put is: Are there other and better ways in which we can be funding higher education through the Student Assistance Program, either directly or indirectly, whether or not this program is the best program?

I was pleased to hear from testimony that that program will be subjected to a program evaluation, and that the amendment that has been proposed does not deal with that. Bill C-76 is an appeal — that is, in those sections dealing with the Canada Student Loans Program — to the student community to contribute, as every other Canadian is being asked to contribute, to the challenges that the national debt presents to every Canadian. I am confident that students across this land are quite willing to be contributors to that national challenge and are quite willing to put their shoulders to the common wheel of the nation.

Senator Frith: You certainly have a low confidence threshold.

Senator Perrault: The honourable senator expressed his great concern for the situation of the students, and they are going through a difficult time.

The Hon. the Speaker: Senator Perrault, if you speak now, it will have the affect of closing the debate on the amendment.

Senator Perrault: I would not stand in the way of any other senator wishing to speak.

Senator Corbin: That rule does not apply in this case.

Hon. M. Lorne Bonnell: Honourable senators, I want to say a few words on the amendment, and then perhaps later on I will say a few words concerning the original bill.

Senator Murray: You will have to wait until tomorrow. We now have Royal Assent.

Senator Bonnell: I would be prepared to adjourn the debate for the government, so that we could have Royal Assent.

Senator Murray: If you wish.

Senator Bonnell: I move the adjournment of the debate.

Senator Murray: No, it has not been called yet.

Senator Bonnell: I am prepared to move the adjournment of the debate, or else I propose to make this speech on the amendment and to make another speech again on the bill itself.

Senator Murray: Go ahead.

Senator Austin: Senator Murray says, "Go ahead."

Senator Bonnell: Does he run the whole show?

Senator Petten: Make up his mind!

Senator Simard: Why do you not deal with the amendments, then?

Senator Bonnell: I was about to do that.

Senator Simard: Go ahead; you have ten minutes.

An Hon. Senator: First things first!

The Hon. the Speaker: Honourable senators, the Senate will now adjourn during pleasure to await the arrival of the Honourable Deputy of His Excellency the Governor General.

Senator Bonnell: I will adjourn the debate, then.

On motion of Senator Bonnell, debate adjourned.

The Senate adjourned during pleasure.

● (1800)

ROYAL ASSENT

The Honourable John Charles Major, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Acting Speaker, the Honourable the Speaker of the Senate said:

> I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable John Charles Major, Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The commission was read by a Clerk at the Table.

The Honourable the Deputy Governor General was pleased to give the Royal Assent to the following bill:

> An Act respecting an agreement regarding treaty land entitlement in Saskatchewan entered into on September 22, 1992 among Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of Saskatchewan and the Keeseekoose, Muskowekwan, Ochapowace, Okanese, Piapot, Star Blanket, Yellowquill, Beardy's & Okemasis, Flying Dust, Little Pine, Moosomin, Mosquito Grizzly Bear's Head, Muskeg Lake, One Arrow, Pelican Lake, Red Pheasant, Saulteaux, Sweetgrass, Thunderchild, Witchekan Lake, Canoe Lake and English River bands, and respecting an agreement regarding treaty land entitlement in Saskatchewan entered into on September 23, 1992 among Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of Saskatchewan and the Nekaneet band (*Bill C-104, Chapter 11, 1993*)

The Honourable Charles DeBlois, Acting Speaker of the House of Commons, then addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bills:

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993 (*Bill C-119, Chapter 9, 1993*)

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1994 (*Bill C-120, Chapter 10, 1993*)

To which bills I humbly request Your Honour's assent.

The Honourable Deputy Governor General was pleased to give the Royal Assent to the said bills.

The House of Commons withdrew.

The Honourable the Deputy Governor General was pleased to retire.

● (1810)

The sitting of the Senate was resumed.

QUESTION OF PRIVILEGE

ORDER STANDS

Hon. Pat Carney: Honourable senators, in view of the lateness of the hour, I respectfully suggest that my question of privilege stand over to tomorrow at the appropriate time.

Hon. Royce Frith (Leader of the Opposition): It is supposed to be dealt with on the same day but, with leave, it could be adjourned.

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

Hon. Senators: Agreed.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): We are prepared to give unanimous consent that it be put over to tomorrow.

Order stands.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave, I move that all remaining Orders, Inquiries and Motions stand.

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

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 1:30 p.m..

THE SENATE

Wednesday, March 31, 1993

The Senate met at 1:30 p.m., the Speaker *pro tempore* in the Chair.

Prayers.

SENATORS' STATEMENTS

GENERAL ELECTION

CURRENT TERM

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a somewhat different statement to make about the clock for the benefit of the election clock watchers. For 133 days now, this government has continued its political cowardice and contempt for the democratic process, to use the words of that same government's leader in the Senate, Senator Murray; he was talking about someone else, of course.

Until he got into power the Prime Minister stood solidly in support of four years as the right term for a Canadian government. The latest device the Prime Minister has used to trick the Canadian people out of an election in the four years, his term, is the calling of a leadership convention. There will be a convention because the Prime Minister chickened out of taking his record to the Canadian people in an election. He chose to quit and then, having quit, to brag about how he would have won, if he hadn't lost his nerve about facing the Canadian people in an election.

By June 12 next, a new leader of the Conservative Party will start trying to find a way to continue tricking the people out of an election. The new leader will want to postpone as long as possible giving Canadians a chance to vote on the government's disastrous eight-year administration, an administration the new leader will have been a part of.

The election clock will be ticking in the meantime and government supporters here can count the days in the same way as our lame-chicken Prime Minister was able to count percentages in the polls. I will not be doing the counting for them between now and the coronation of Mr. Mulroney's handpicked successor.

Some Hon. Senators: Hear, hear.

Senator Frith: Before you get carried away, let me tell you that at the next session of the Senate I intend to resume reminding the new Conservative leader of how every day she or he fails to call an election is another day of what Senator Murray has so aptly described as "political cowardice" and "contempt for the democratic process".

HEALTH AND WELFARE

DRUG PRICES IN CANADA

Hon. M. Lorne Bonnell: Honourable senators, I wish to bring a very important issue to your attention. Some of you may not have heard or read the news today. We fought for several years over Bill C-22 and Bill C-91 with respect to drug prices. We are now being told by the Patented Medicine Prices Review Board that the prices of patented medicine drugs in Canada are the highest in the world. Of 177 drugs, 105 of them were priced above the median price of seven western countries. The number of cases where Canada was the highest in the world was 42, or 24 per cent.

This situation is seen to be so severe that the chairman of the drug prices review board has asked that the government do something to review the matter and to give them more strength to control the prices of drugs. I hope that later today, perhaps in Question Period, the Leader of the Government will tell us what the government intends to do about this situation.

ROUTINE PROCEEDINGS

CONFLICT OF INTERESTS OF PUBLIC OFFICE HOLDERS BILL

PROPOSED SPECIAL JOINT COMMITTEE—MESSAGE FROM COMMONS

The Hon. the Speaker *pro tempore*: Honourable senators, I have the honour to inform the Senate that I have received a message from the House of Commons in the following words:

Tuesday, March 30, 1993

ORDERED,—That a Special Joint Committee of the Senate and the House of Commons be appointed for the committee stage consideration of Bill C-116, An Act to provide for greater certainty in the reconciliation of the personal interests and duties of office of public office holders to establish a Conflict of Interests Commission, to amend the Parliament of Canada Act and to make consequential amendments to other Acts;

That the Order for resuming second reading of Bill C-116, An Act to provide for greater certainty in the reconciliation of the personal interests and duties of office of public office holders to establish a Conflict of Interests Commission, to amend the Parliament of

Canada Act and to make consequential amendments to other Acts, be amended by having the Bill referred to the Special Joint Committee rather than a Legislative Committee in the Departmental envelope;

That the said Special Joint Committee be composed of 14 members of the House of Commons, and 7 members of the Senate;

That the Standing Committee on House Management appoint the membership of this House of the Special Committee and present its report no later than five sitting days after the adoption of this Order, which report shall be deemed concurred in upon presentation to the House of Commons;

That changes in the membership of the said Special Joint Committee be effective immediately after notification signed by the Member acting as the Chief Whip of any recognized party has been filed with the Clerk of the Committee;

That the said Special Joint Committee have power to sit during sittings and adjournments of the House of Commons, to send for persons, papers and records, to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;

That the quorum of the Committee be a majority of members, whenever a vote, resolution, or other decision is taken, so long as both Houses are represented; and

That a message be sent to the Senate requesting that House to unite with this House for the above purpose, and to select, if the Senate deems it advisable, some of its members to act on the proposed Special Joint Committee.

ATTEST

ROBERT MARLEAU
The Clerk of the House of Commons

PROPOSED SPECIAL JOINT COMMITTEE—NOTICE OF MOTION

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I give notice that, with leave, tomorrow I will move:

THAT the Senate do unite with the House of Commons in the appointment of a Special Joint Committee of the Senate and the House of Commons for the committee stage consideration of Bill C-116, An Act to provide for greater certainty in the reconciliation of the personal interests and duties of office of public office holders, to establish a Conflict of Interests Commission, to amend the Parliament of Canada Act and to make consequential amendments to other Acts;

THAT the House of Commons Order for resuming second reading of Bill C-116 be amended by having the Bill referred to the Special Joint Committee rather than a Legislative Committee in the Departmental envelope;

THAT the said Special Joint Committee be composed of fourteen Members of the House of Commons and seven Members of the Senate;

THAT, notwithstanding Rule 86(1)(*b*), the Members to act on behalf of the Senate on the Special Joint Committee be the Honourable Senators Balfour, De Bané, Grimard, Kelleher, Oliver, Olson, and Stanbury;

THAT the said Special Joint Committee have power to sit during sittings and adjournments of the Senate, to send for persons, papers and records, to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;

THAT the quorum of the Committee be a majority of members, whenever a vote, resolution, or other decision is taken, so long as both Houses are represented; and

THAT a message be sent to the House of Commons to acquaint that House accordingly.

The Hon. the Speaker *pro tempore:* Is leave granted, honourable senators, that this matter be proceeded with tomorrow?

Hon. Senators: Agreed.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 125 citizens of Alberta who oppose the goods and services tax. These petitions come mainly from Calgary, Edmonton and Sherwood Park.

I also have the honour to present petitions signed by 21 citizens of Quebec who oppose the goods and services tax. These petitions come mainly from Montreal.

I have some further information for Senator Murray: I received these petitions this very morning. They were signed on March 26, 1993.

[*English*]

QUESTION PERIOD

HEALTH AND WELFARE

DRUG PRICES IN CANADA—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, my question is for the Leader of the Government in the Senate. When the Senate was asked to pass Bill C-91, the pharmaceutical bill, we were told by the supporters of the legislation that the drug prices review board had done a wonderful job of holding drug prices in check.

Today in the *Globe and Mail* there is an article about a study commissioned by the same board that shows the exact opposite. The study examined the 177 top selling drugs in Canada and compared Canadian prices with prices in seven other western industrialized countries. The result is that when compared with France, 81 per cent of the drugs were priced higher in Canada; Italy, 69 per cent were higher; Sweden, 69 per cent were higher; Switzerland, 58 per cent. All of them were higher in Canada. When compared with Britain, 74 per cent were higher in Canada; in the United States, 38 per cent, and in Germany it was even.

The study found that 105 of those 177 drugs were priced above the median price of those other seven nations, and this was with respect to prices before Bill C-91 had had a chance to kick in.

When the government agreed to force Bill C-91 through Parliament at the request, it seemed to us, of the multinational drug manufacturers, did it know that the prices of drugs in Canada were already much higher than in other western industrialized countries?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have not seen the article, nor have I seen the study, but I will be glad to ask my colleague the Minister of National Health and Welfare, to whom the Patented Medicine Prices Review Board reports, to provide me with a comment that I can pass on to honourable senators.

Senator Frith: The question was whether the government knew. The answer is either no, the government did not know, or yes, the government did know that the price of drugs in Canada was already much higher than in other western industrialized countries.

Quite apart from the article I referred to, when the government was asking Parliament to pass Bill C-91, did they know that the price of drugs in Canada was already much higher than in any other western industrialized country except Germany and the United States?

Senator Murray: It is by no means clear that the assertion of the honourable senator is correct, nor that that is a proper conclusion to draw from the study, nor that the study is valid. I do not know. I have not seen the study, as I have told my honourable friend. I will undertake to ask for a comment from the Minister of National Health and Welfare, to whom that agency now reports. Quite recently, I have seen some comments emanating from the United States about comparative drug prices there and here. Indeed, a Democratic senator from Arkansas, Senator David H. Pryor, who is quoted as advocating that that country put into place a process and commission such as we have in Canada —

Senator Frith: And compulsory licensing. I will come to that.

Senator Murray: He is suggesting a commission such as we have here.

In answer to the objection that price controls were incompatible with innovation, one of the spokesmen points out:

> Though Canada began controlling price increases in 1987, drug R&D there has risen from less than 5% of sales to more than 10% on average.

To come to the matter of prices, there is a little box in this article which appeared in *Business Week* on March 8, 1993, which lists five well-known drugs, the price in the United States and the price for the same drug in Canada.

In respect of those drugs, for Amoxil, which is an antibiotic, the price is 5 per cent lower in Canada than in the United States; for Lanoxin, a drug used to treat heart failure, it is 16 per cent lower in Canada than in the United States; for Zantac, an ulcer drug, it is 30 per cent lower in Canada than in the United States; for Premarin, a hormone drug, it is 162 per cent lower in Canada than in the United States; and for Xanax, an anxiety drug, it is 183 per cent lower in Canada than in the United States.

Various studies on this subject will produce different conclusions, depending upon the criteria, methodology and the drugs studied.

To come back to my first answer, I will obtain a comment on the study to which the Leader of the Opposition refers, and bring it in over the name of the Minister of National Health and Welfare.

Senator Frith: Honourable senators, if anyone wades through *Hansard* and then wades through the answer that the Government Leader has given, I hope they will remember what the question was. It was whether or not the government knew that the price of drugs in Canada was already much higher than in other western industrialized countries when it asked for the passage of Bill C-91. I hope the Leader of the Government will ask his colleague about that.

Those same interested parties will also notice when they read the answer that the Leader of the Government in the Senate said it is by no means clear that the board's study was accurate — the very board that we were told would keep prices down. I take it he is questioning the validity, the effectiveness and the correctness of a study by the very board that we were told would be the one which, effectively, would keep prices down.

The *Globe and Mail* article quotes the study of this very board as stating that the number of cases in which Canada had the highest prices in the world was 42. We were second highest in the world on 35 drugs.

In passing Bill C-91, was the government trying to bring these numbers even higher?

Senator Murray: Honourable senators, I am sorry; perhaps I did not understand the question. I was bemused by the reference to the world. I do not know whether my honourable friend is talking about all the countries in the world, or the six other countries that he referred to in his first question.

The legislation in question had to do with compulsory licensing. I think if the honourable senator will investigate, he will find that none of those countries have compulsory licensing.

Senator Frith: I think if the honourable senator so investigates, he will not find that at all.

Will the Leader of the Government table in the Senate a copy of the report by his beloved review board which is referred to in the *Globe and Mail*?

Senator Murray: I think it was a study commissioned by my beloved review board, to use the honourable senator's terminology. Again, I will send an inquiry forward to Mr. Bouchard on that matter.

Senator Gigantès: It is not nice being caught lying, is it?

Senator Murray: I beg your pardon?

Senator Lynch-Staunton: Retract!

Senator Frith: To focus the —

Senator Murray: I rise on a point of order, honourable senators.

Senator Gigantès: If the honourable Leader of the Government thinks I was calling him a liar, then I apologize.

Senator Frith: If I am not mistaken, Your Honour, the rules imposed on this place by the government provide that no point of order can be raised at this point.

The Hon. the Speaker *pro tempore:* A point of order would have to be raised during Routine Proceedings.

Senator Frith: Honourable senators, I wish to refer to the article to which the Leader of the Government himself referred and ask him a question about that. He referred to the senator from Arkansas, Senator Pryor, and a letter that the senator wrote to U.S. trade representative Mickey Kantor. This shifts the focus away from the report of the board and on to NAFTA.

In that letter, the senator states:

> I am concerned that these international trade agreements may tie our hands in using pharmaceutical patent as a mechanism to contain drugs costs...

Note that he says "to contain drug costs", honourable senators. Apparently, he has asked American trade representatives to review the proposed North American trade deal to ensure it does not hurt the American health care system.

He notes that one study has estimated that the changes to Canada's patent laws could increase drug costs to the provinces, insurance companies and consumers by $4 billion over the next 10 years. There is then the following quotation from his letter:

> It is my understanding that the U.S. trade representative in the previous (Bush) administration exerted significant pressure on the Canadian government to abandon their system of compulsory pharmaceutical patent licensing...This system has served the Canadian citizens extremely well...

Unfortunately, that is in the past tense.

Hon. Efstathios William Barootes: How can you make that statement and then contend that Canada's drug prices are out of line with the prices of seven other countries that did not have compulsory licensing; then quote compulsory licencing as the Bible in terms of the success of price control? Either it was or it was not. You cannot win both sides of the argument.

Senator Thériault: When it existed it was successful, until your government destroyed it.

Senator Frith: It is not a matter of argument, sir; it is a matter of fact. There is no question of argument at all. You have not heard the question.

Senator Barootes: All because compulsory licensing, in your opinion, did not control prices.

Senator Frith: This is Question Period, senator. The facts I put on the record are facts from your beloved prices review board. These facts are on the record. I am now asking about NAFTA and trade agreements. I know that your attention span is limited, senator, but just try to keep up.

Senator Pryor went on to add:

> This system has served Canadian citizens extremely well in reducing launch prices for new drugs and containing drug inflation.

I ask the Leader of the Government, is the government contemplating changes to NAFTA's pharmaceutical provisions in order to head us in the direction that the U.S. seems to be going, namely to a compulsory licensing patent system being permitted by NAFTA?

Senator Murray: Honourable senators, there are so many hypotheses in that question that it would be impossible to give an answer to it. Even assuming all the hypotheses were true about the United States and so forth, the answer to the question would be in the negative.

PATENTED MEDICINE PRICES REVIEW BOARD—STATUS OF PRICE-CONTROL GUIDELINES

Hon. M. Lorne Bonnell: I notice in the *Globe and Mail* article as well that the prices review board found that:

> Preliminary figures show an overall drug price increase of 2.6 per cent, compared with an inflation rate of 1.5 per cent.
>
> This finding, too, has prompted the review board to propose changing its price-control guidelines.

Does the minister know if the review board has changed its guidelines?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I can tell the honourable senator that those guidelines are under discussion now among the board, the provinces, the industry, and other interested parties. However, I am not aware that the guidelines have been changed.

Senator Bonnell: Would the minister table in the Senate the report of the Patented Medicine Prices Review Board which provided those statistics, and would he also table in the Senate the guidelines when they are changed concerning price review?

Senator Murray: Honourable senators, as I indicated earlier, I will take that matter up with the Minister of National Health and Welfare.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Before I come to my specific question of the minister, I want to clarify something. Did I understand him correctly to say, in reply to questions from my colleague, the leader of our group, that he had not read the *Globe and Mail* article?

Senator Murray: Honourable senators, I have not read anything in the *Globe and Mail* today. I have just not had the opportunity.

Senator Molgat: I am frankly surprised that the minister's staff would not bring to his attention a matter as important as this one, relating very seriously to a bill which we passed in this house some time ago. I am really amazed that the minister's briefings would not encompass such important matters. Perhaps he should consider some change in staff.

Some Hon. Senators: Oh! Oh!

Senator Molgat: Then who is right, his staff or the minister? Did his staff inform him and he is now telling us something different? I would like to know what his staff told him. He might clear that up.

GOVERNMENT EXPENDITURES RESTRAINT BILL, 1993 NO. 2

REQUEST FOR POLLING RESULTS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): My question to the Leader of the Government is with regard to some surveys that he agreed to supply to us with respect to Bill C-113. Now that Bill C-113 has been referred to committee, when might we expect those surveys? He promised them last week.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I sent an inquiry forward some time ago, after the honourable senator asked his question. I will look into it.

Senator Molgat: I wish to point out that this matter is rather urgent, in view of the fact that the bill is now before us. My honourable friend said that he would furnish us with those surveys, in the hope that they would assist us to make up our minds on the bill. If I had doubts about the bill, I certainly would like the surveys to assist me.

• (1400)

Senator Murray: Honourable senators, I do not have the question and answer before me, as the honourable senator does. As I recall, there were some public opinion research studies that had been the subject of access to information requests that were already in the public domain, and I was under the impression my honourable friend had those. He asked a question about whether any other studies were done and I undertook to look into that.

Senator Molgat: You also undertook to supply the ones that had already been made public. I do not have those.

Senator Murray: Then I will do that.

[*Translation*]

THE SENATE

APPOINTMENT OF SENATORS

Hon. L. Norbert Thériault: Honourable senators, if the Leader of the Government in the Senate could regain the good humour he was in before Question Period, I would have a question for him!

Hon. Philippe Deane Gigantès: As soon as he is in a good mood again, we will put him back in a bad mood, do not forget!

Senator Thériault: Honourable senators, it is not as serious as that but something intrigues me.

I read in Montreal's *La Presse* this morning and in the *Globe and Mail* that former hockey star Jean Béliveau was offered a position in the Senate on two different occasions by the Prime Minister. Good for him!

What intrigues me is that I read that Mr. Béliveau was offered the choice of sitting as an independent if he wanted to come to the Senate. My question is as follows: Does the Leader of the Government in the Senate know whether the same offer was made to other Quebecers sitting here who used to belong to another political party?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not able to confirm the report to which the honourable senator refers or to answer the other part of the question.

Senator Thériault: Then the Prime Minister did not seek your advice!

[*English*]

ORDERS OF THE DAY

BUDGET IMPLEMENTATION (FISCAL MEASURES) BILL, 1992

THIRD READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Bolduc, for the third reading of Bill C-76, An Act to amend certain statutes to implement certain fiscal provisions of the budget tabled in Parliament on February 25, 1992,

And on the motion in amendment of the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Robichaud, P.C., that Bill C-76 be amended by deleting Clauses 2 and 3 at pages 1 and 2, Clauses 4, 5, 6 and 7 at pages 2 and 3, Clause 8 at pages 4, 5, 6 and 7 and Clauses 9 and 10 at pages 7 and 8.

Hon. M. Lorne Bonnell: Honourable senators, I fear that the consequences of passing Bill C-76 are serious and therefore I ask all members of the Senate to vote against it. I wish to limit my comments to the effects this bill would have on the Canada Student Loans Program.

The government continues to cut federal support for post-secondary education. I believe that these cuts and the government's failure to provide the necessary leadership on issues of human resource development have resulted in a deepening crisis in Canada's educational system and in the economy as a whole.

Financial assistance for students is made up of a combination of a Canada student loan and a provincial or territorial loan, grant or bursary, and scholarships. Eligibility for loans, grants and bursaries is need-based and all loans must be repaid with interest over nine and a half years. Scholarships are awarded solely based on merit. This decentralization has resulted in 12 very different aid packages being offered to students, thus creating inequalities from region to region.

I draw your attention to the report of the Standing Senate Committee on National Finance entitled "Federal Policy on Post-Secondary Education" released in March 1987. With regard to the issue of student aid, it says on page 73:

> It would appear from the testimony we heard that the only issue in this area upon which there was agreement was that any changes in fees would have implications for student aid. This is an area which needs a full review. Students receiving both federal and provincial student assistance are not being treated equally; the grant portion in some provinces is considerably more generous than in others. This has an impact on student mobility. The Committee believes that in view of the substantial federal involvement under the Canada Student Loans Program, there is an urgent need for a parliamentary review of student assistance in Canada, and that such a study should examine the question of the proper roles of the two levels of government in this area.

I ask honourable senators, has this review ever taken place?

The concern these days is whether the federal government will continue to run the Canada Student Loans Program. It is feared the federal government may be attempting to privatize the student loan program through the creation of a special operating agency to administer the loan program. After all, it is much easier to privatize an operating agency than a government department.

A *Globe and Mail* article of March 20, 1993, is headed, "Student loans plan won't shun needy, Landry says". The article reads:

> Secretary of State Monique Landry says a controversial revamping of the Canada Student Loans Program will not restrict needy students' access to financial assistance for higher education, even if one lending institution ends up with a monopoly on the business. "The lender or lenders will be required to make loans to all eligible students. The provincial governments are the bodies who establish who is eligible, and the lender or lenders will just have to follow the rules," said Ms Landry.

However, honourable senators, the loan program could become more restrictive if only one institution or a few were made responsible. What is the motivation behind the impending move to privatize this program? Instead of such drastic measures, the government should be looking at ways of increasing funding to those students who desperately need it. You must remember that the program is assessed on a needs basis and it is often considered to be a means of last resort as all other areas of revenue, including in some cases parental contributions, are used in the loan calculation. In order to receive a loan of any amount, you must demonstrate that you are in need of the financial assistance.

I have often heard the argument that university parking lots are full of cars; therefore, we do not need to worry about the students. I agree that we do not need to worry about those students who are financially sound; however, the Canada Student Loans Program is intended to target those who need the help. We do not want our institutions of higher learning to become elitist. After all, while not everyone is destined for higher education, we should ensure that those wishing to advance are not limited because of financial barriers.

My apprehension concerning this bill has further escalated after receiving a letter dated March 19 from the University of Prince Edward Island Student Union. I should like to take a few minutes to read into the record their concerns about Bill C-76. I quote from the letter dated March 19 from the Vice–President External, Mr. Bruce Davidson.

> A section of this bill would eliminate the interest free period on Canada student loans needed by and presently granted to students upon graduation. Eliminating this "grace period" would serve only to make our post-secondary education, at Holland College and UPEI, less accessible to students. Our province cannot afford the consequences of such a move.
>
> Fully half of UPEI students depend on Canada student loans to make their education possible. The assumption that eliminating the interest-free period would not affect students' ability to continue their education or to cope with their debt loads after graduation is false. In the present crisis in post-secondary education, tuition fees at UPEI have increased 75 per cent in only six years, but no significant increases have occurred to the amount available to students under the Canada Student Loans Program. Consequently, many students now graduate with very heavy debt loads and then cannot find work for quite some time after graduation. The disastrous effects of eliminating the six-month interest-free period should not be underestimated. Many Island students are already shouldering a burden they are barely able to carry in order to simply stay in school and, if they are able to graduate, are then adrift in a very uncertain job market. Eliminating the six-month grace period on Canada student loans seems an unthinkable move in light of this reality.

Honourable senators, we are continually told by this government of our need to achieve a highly skilled workforce to compete in this globally competitive world. However, if we look at this government's commitment to securing a highly skilled workforce, we must recognize that their actions speak louder than their words. Why is the government not practising what it preaches?

As I noted in my previous remarks, while constitutional jurisdiction for post-secondary education rests with the provinces, the federal government plays a principal role through the funding of the Canada Student Loans Program, federal grants to the research granting councils, and federal transfer payments. However, the Conservative agenda on education includes continued tax cuts in federal funding for post-secondary education, a tax on reading with the GST being placed on books, penalizing poor students with a tax on student loans, and continued underfunding for research and development. Only through increased skills and learning can we hope to achieve prosperity in the 21st century.

Who is making use of the Canada Student Loans Program? According to figures obtained in the Annual Report of the Canadian Student Loans Program for the loan year 1989-90, the following can be said about the program:

> - approximately 1.9 million full-time students negotiated loans of $6.3 billion from the inception of the program in 1964 until July 31, 1990;
>
> - in 1989-90, 215,000 students received Canada student loans with a value of $600 million;
>
> - 23 per cent of full-time university students in Canada enrolled in degree programs received Canada student loans;
>
> - women continue to outnumber men as recipients of Canada student loans. Loan authorizations for women increased from 52 per cent of the total in 1985-86 to 56 per cent in 1989-90;
>
> - students aged 25 years and older negotiated about 27 per cent of all Canada student loans in 1989-90 as compared to 18 per cent in 1985-86.

Honourable senators, the Atlantic Provinces Economic Council, in their October 1992 *Atlantic Report*, states:

> The marginal benefits of more education are greater in Atlantic Canada than in Canada as a whole... The narrower economic base in Atlantic Canada puts a greater premium on more education.

If we look at our education system as a whole, from elementary school to post-secondary education, we must recognize the importance and interdependency of all levels.

The amount of education one attains directly affects one's earning power. In Atlantic Canada, the participation rate in the labour force for people with grade 8 or less is 34 per cent, compared with 84.2 per cent for university graduates. The average unemployment rate between 1981 and 1991 for Atlantic Canadians with grade 8 or less was 20.5 per cent. However, the average unemployment rate for university graduates was only 5 per cent.

Canadians are recognizing the need to attain higher education. Looking specifically at the Atlantic region, there were 71,500 students in post-secondary institutions in the region in 1991-92, compared with less than 60,000 in 1985-86. Degree-granting institutions will dominate with 85 per cent of total enrolment attending in 1991-92.

In closing, honourable senators, I wish to quote directly from the brief presented by the Canadian Federation of Students to the Standing Senate Committee on National Finance during its examination of this bill:

> Students who are presently depending on financial aid to pursue their college or university education have identified a number of problems with Canada's student financial aid program. Some of these criticisms include the unrealistically low weekly loan limit, the lack of flexibility for student borrowers, as well as the lack of national standards for the provision of financial assistance and the absence of a national grants program. The Canadian Federation of Students believes that access to post-secondary education must be made free of barriers, and today's student assistance programs do not achieve this goal. The federal government's proposed changes to the Canada Student Loans Program moves us further away from this goal. Bill C-76 is the beginning of the end of the Canada Student Loans Program.

Honourable senators, we Canadians value our education system and recognize the importance of securing our future prosperity. We, as parliamentarians, must make it a priority. I urge you all to vote against this bill.

Some Hon. Senators: Hear, hear!

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I rise much more in sorrow than in anger at this point, and I am prompted to rise by the speech made by our colleague, Senator Kinsella, last night. I was amazed he took the position he did. In fact, if you look at the argument he presented, it was an argument not to change the Canada Student Loans Program right now but to leave it as it is, and to have a program evaluation. That is the cause he was pushing. I do not object to that. All programs of government should be subject to program evaluation, but why change the program now before you do the program evaluation? Surely that is not the proper course to follow.

If my honourable friend is convinced that there must be improvements or changes, let us see what they are. Why suddenly take an ad hoc position that we will implement changes without an evaluation? Surely that is not the reasonable way to approach the question.

Honourable senators, I know there have been problems with collection. It has been pointed out that, quite naturally, once the banks have a guarantee from the government, they send one letter in an effort to collect, and if they receive no answer, they immediately turn to the government and say, "Pay up." That is understandable if you are in the banking business, but that does not mean that we should suddenly move now to change the program without the program evaluation that Senator Kinsella spoke about. Let us do the program evaluation, but let us not proceed to change the program without an evaluation.

Honourable senators, I simply cannot understand the logic of my honourable friend. I would appeal to him to think again and think of what he said in the committee when we first discussed this matter, as did Senator Simard. Let us have a look at the program, but for the time being let us keep the program in place until we know what is good and what is bad about the program.

It is not enough to say that the students of this country should be ready to put their shoulders to the wheel and do their share to help control the deficit. Many others in this country should put their shoulders to the wheel long before we ask the students to do so.

Honourable senators, some of my colleagues pointed out yesterday that Bill C-92 — if I recall the number correctly — will allow trusts to be tax exempt for a period until such time as the last descendant dies, but in the meantime they will have that money at their disposal with no tax applicable — free money that properly should come to the government to help reduce the deficit. That money will remain in the hands of the wealthy.

Senator Perrault: Shame!

Senator Molgat: Yet we ask the students of this country to put their shoulders to the wheel — not all students, please note; only those students who need student loans.

Senator Perrault: Just the poor students.

Senator Molgat: The poor students. Those students whose families are able to put them into university, they will not be touched.

• (1420)

Senator Bonnell: They have trust funds.

Senator Molgat: I presume they have a trust. Senator Bonnell, you are probably right, many of them do have trust funds. But those who need a student loan are the ones who have to put their shoulders to the wheel.

Frankly, I am disappointed, Senator Kinsella, with that approach, although I say so more in sorrow than in anger, because, when you came here and I listened to you intently a number of times, I thought, "Here is a reformer. Here is one who, albeit he is sitting behind some arch Tories, some real blue Tories, has in his veins an element of red blood."

Senator Frith: At least pink!

Senator Molgat: I thought he was someone who would be prepared, when it came to these kinds of issues, not to follow their traditional line of: "We will make the poor pay and let the rich take it easy." But that is the approach this bill takes.

[*Translation*]

Hon. Jean-Maurice Simard: Honourable senators, when we received Bill C-76 from the House of Commons, this proposal to eliminate the six-month interest-free period after graduation struck me as somewhat surprising.

On March 4, at the first sitting of the National Finance committee on Bill C-76, I said that I had read the brief submitted by the Canadian Federation of Students and that I intended to put questions to the students themselves, the minister and senior officials, which I did. During the committee's session on March 4, I said that I supported the request made by the Canadian Federation of Students.

I intended to listen, to ask questions, to reflect and to draw a number of conclusions so that I would be able to take a position on this bill. As I listened to the students, to my astonishment we were told that the Commons committee that examined the bill had refused to hear the Canadian Federation of Students. I thought, and I still think, it was shocking that parliamentarians should refuse to listen to a federation that represents 450,000 students.

Senator Corbin: Shame!

Senator Simard: Our committee listened to their presentation. They suggested a review and were prepared to accept a commitment on the part of the government to review the entire Canada Student Loans Program. Perhaps a new program could provide for a grace period for students who default on their payments.

Last Wednesday, March 24, 1993, Mr. Mazankowski appeared before the National Finance committee. He told us there was absolutely no reduction in access to the program and that students who are most in need, especially our students in the Atlantic provinces, will still have access to the program.

I explained that the number of summer jobs and permanent jobs for recent graduates in the Atlantic provinces was much lower than the national average. Since fewer jobs are available, compared with the situation for students in Ontario or other provinces, students in the Atlantic region have tended to resort in greater numbers to the Canada Student Loans Program and debt levels have been higher than the national average.

That is probably why, under Louis Robichaud in the 1960s, the government of New Brunswick introduced a grants program. Students in New Brunswick are indebted to the Robichaud government for adopting a program that still exists today, with a few minor changes. I think it is a program that could usefully be imitated or adapted by the other provinces.

Mr. Mazankowski also told us that access to the program would not in any way be restricted by the passage of Bill C-76. He said that at the end of March 1993, some $3 billion worth of loans were still outstanding, payable to the banks and guaranteed by the federal government. He added that more than $700 million would be advanced to students in the course of the year. Seven hundred million dollars is a lot of money. Furthermore, in 1992 alone, another $100 million had been added to the program to help needy students.

So it is not quite correct for our colleagues opposite to say that the government which is presenting the bill has a grudge against students and wants to penalize them or prevent them from getting an education. The minister told us that the government's policies since 1984, including tax reform, had led to lower interest rates. We know that the prime rate is around 6 per cent today. This means that thanks to the policies of the present government since 1984, students will no longer have to pay interest rates of 12, 15 or 16 per cent on their loans in 1993-94 and the following two or three years.

I think that we must put this bill and Senator Perrault's amendment in context. The government had to put its affairs in order and must continue to do so and all classes of taxpayers must do their share.

I will not take time repeating everything Mr. Mazankowski told us. Those who check the proceedings of the March 24 meeting of the committee on National Finance will see that Mr. Mazankowski reminded us that spending on education, training, or any other program for students or to train workers has increased every year since this government took power. So it is not quite correct for the people opposite to say that this government does not care about workers and students or anyone else, in the name of deficit control.

I will have an opportunity to talk about this again. If I do not complete my speech on it now, I will be able to do so when we return to the main motion on third reading. I might like to complete my whole speech now, but if I am prevented, I will have to continue another time.

During the sitting on March 24, 1993, I also questioned the $10-million figure put forward by the government as the cost for 1993-94 graduates from eliminating the six-month interest-free period. Unfortunately, after asking a question about it, the committee did not receive a satisfactory reply.

Yesterday I was told by a senior official in bureaucratic jargon, as you will agree, that if loans for 1993-94 are made in the fall of 1993, eliminating the six-month period might mean more revenue for the federal government. We know that if the loans are made in the fall of 1993, they will not be due before April or June 1994, at the end of the academic year.

This amount of $10 million was instead based on a bill that should have been presented and passed in 1992. When the government says that it will save $10 million this year that could reduce the deficit, it is mistaken. Nothing will be saved. You have a chart, which committee members received, showing that the government could save $95 million over five years. I think that the potential savings are much closer to $40 million.

Let us put these figures aside for the time being. Obviously, the elimination of the six-month period in Bill C-76 is not a legislative measure to reduce this year's deficit. And if it is not a measure to reduce the deficit in 1993-1994, in the coming year students will not be penalized. Nevertheless, it is rather remarkable for a government to tell us that since it came to power, it has not been able to review their student loans program but that it intends to do so soon. I hope that there were other programs to review and that they were indeed reviewed, and I also hope that this one will be reviewed in due course.

So, students will not be penalized this year with the elimination of the six-month period. They will not be penalized because even more loans will be made. When these loans become due, they will be subject to a 6 per cent interest rate. I do hope that there is a review of the program.

As others have said, the government thought that this could be a first step toward making students aware of the fact that each citizen must do his share, and I sincerely believe that students, when they make their decision, will view this measure in the general context of austerity, which is necessary not only at the federal level but at every level of government.

Students are aware of what is happening when they read about the measures now being taken by provincial NDP governments and other which had shown no restraint in the last 2 or 3 years and had increases of 12, 13 and 14 per cent in their expenditures, as was the case in Ontario in the last two years and, more recently, in British Columbia. This explains the Ontario government's announcement yesterday and the headline of the *Ottawa Sun* saying that from now on the New Democrats would slash and tax. Maybe this government should have thought about this last year and the years before and should have listened to the best advisors and economists who were predicting precisely the situation in which we find ourselves today.

Members appointed can accuse the government of taking a piecemeal approach.

[*English*]

Yes, members appointed accuse the government of doing things piecemeal or bringing in piecemeal legislation. Senator Perrault and others have raised that point. I say that Senator Perrault is guilty of the same practice. Surely his party could have come up, in this session or last year, with suggestions on a revamped plan for student loans. They are doing the very thing of which they are accusing us. They are saying, "We recognize that there are faults in the system — abuse, failure to collect and so on. The government will have to address these matters shortly, but there are other problems with the student loans program."

I had hoped that Senator Perrault would have given an indication of where his party stood on the matter. Perhaps that will come, if his party comes forward, as I hope it does, with recommendations before the election.

I sympathize with the students. I hope they realize that this measure is grounded in the larger context of deficit reduction measures and of the need to get the federal treasury in order, and that the students must do their little share at this time.

I had intended to be partisan, but I will not go into that today as there will be other moments. However, I would like to read into the record parts of an editorial written by Alain Dubuc in *La Presse* this morning.

[*Translation*]

In today's French paper *La Presse*, Alain Dubuc tries to explain the magic recipe which Kim Campbell seems to have discovered.

The Hon. The Speaker *pro tempore:* Honourable senator, your speaking time has expired. Does the house agree to allow Senator Simard to continue?

Some Hon. Senators: Yes.

Senator Simard: Alain Dubuc's editorial has prompted me to reflect further on this bill and perhaps it will have the same effect on other senators. Mr. Dubuc said and I quote:

> What the sympathy for Kim Campbell suggests is that the electorate's attitude towards the Mulroney government is more complex then we think. Canadians and Quebecers, even though they hold a terrible grudge against Mulroney, know in their hearts that the fight against the deficit and the austerity measures which caused the Conservatives such unpopularity were unavoidable. This is a perfect example of the love and hate relationship which by the way helps explain the intensity of the negative reactions to this government.

And he goes on to say:

> So, for all their resentment, they are not interested in voting for a candidate who would evade this question they know to be crucial, who talks about a painless solution like Jean Chrétien or promises a brighter future, like Ms Audrey McLaughlin.
>
> The Canadian people do not want to get dragged into an adventure, however appealing, that they would never see the end of paying for. Without being schizoid, they can see what is going on at the provincial level, where all governments, regardless of their ideologies, including Bob Rae's government, have no choice.

Further:

> Of course, Ms Campbell has yet to reveal the colour of her opinions. Mind you, her positions are no more mysterious than those of Jean Chrétien who is still keeping his budget plans strictly secret after leading the Liberal Party for nearly three years.
>
> That goes to show how important it is for those aspiring to run this country to cut out the clever woolliness and dare to lay their cards on the table. Twenty years ago, a politician's platform was built on promises. In the 90's, it should be built on where he or she intends to make cuts.

Incidentally, honourable senators, I have decided not to vote along with the Liberal minority on this motion. Neither will I vote against Bill C-76. The fact of the matter is that, on a question such as this one, I refuse to join even for a moment the Liberal opposition in this place whose voting record since 1984 speaks for itself. I believe that the Canadian people would have expected to find support in the Official Opposition, both in this chamber and the other place, for a fiscal or financial bill aimed at reducing the deficit, be it through expenditure control, as this government has tried to do. As for transfer payments, whether statutory or not, one must recall that, in my province, they have increased tremendously from year to year between 1984 and 1990.

The people of Canada and myself would have hoped that, when it came to pieces of legislation to make the economy healthier or to humanize our society, to reform our tax system, to change the veterans program or improve the pension plan, to reduce the federal deficit or to deal with investment in small businesses, the Liberal opposition in this place would have found a way to support this government's initiatives in the past nine years.

Instead, honourable senators, the Official Opposition has consistently tried to make us believe that there was always more money that could be drawn from the Canadian Government Consolidated Revenue Fund, that we could spend more and tax less. Senator MacEachen is the first one to admit he is concerned, and to come up with figures that make us think about how heavily in debt the federal government has been over the past 12 or 13 years and, in particular, how fast the provincial debt has grown over the past few years.

On every occasion the Official Opposition decided against supporting the government, and Bill C-76 is no exception. Senator Perrault's amendment is further proof that the Official Opposition in this house continues to hold such beliefs. The Liberal Party of Canada is certainly the only group in Canada to believe that Canadians can afford more and more social programs with less and less taxes, while containing or reducing the deficit.

You have probably gathered, honourable senators, that I cannot support this amendment. I remind you that this bill will not bring to the Treasury, in 1993-94 and 1994-95, $30 million as claimed by the government, but more likely much less, maybe around $10 million in 1994-95. I hope that, in the meantime, the government will keep its promise to look at the whole loan program. I can tell you that it was only natural to me, partisan as I am, to say publicly: How can a government go into an election with such a program? It is only after careful study of the bill that I got the answer. First of all, there will be no cost involved this year for new graduates and probably almost none in the following year, because loans... Senator Thériault is nodding in disagreement, but he must admit, as I just said, that new loans approved this year will not carry any additional payment in 1993-94 due to this bill, because these loans will not become due until next year, and then in part only.

I think that students will understand and will want to do their bit to improve the fiscal situation of the federal government.

Hon. L. Norbert Thériault: Honourable senators, I must say one more time that I am disappointed. I do not want to participate at length in this debate, but I had hoped that Senator Simard, this time, would do what students were expecting him to do! I had a meeting with some students from the University of Moncton last week and they were convinced that the Canadian Student Federation had the support of Senator Simard who, they thought, would vote against the bill.

I would simply like to ask a question. I will not debate all the partisan and political aspects of the election campaign which is supposed to finally take place, I hope, in 1993. They are following in the footsteps of the previous Hatfield government and staying until the end of their term!

When the time comes to hold that debate in New Brunswick, I will do it with Senator Simard. Let New Brunswickers decide who is right or who is wrong. That will be the time to do it! Here we are talking serious business!

I want to put to Senator Simard this question sincerely, because I want to get the information: Will this bill affect the loans which have already been given, for example, to students who will graduate in 1993? Yes or no?

Senator Simard: No, I think that all senators, including those on your side, who read the bill and who listened to the explanations both from officials and ministers, will tell you that that is not the case. We are only talking about the new loans which will be given later this year, after the bill is passed. Only those will be affected.

Senator Thériault: Not for loans already granted?

Senator Simard: No.

Senator Thériault: I would like to ask him another question but I am not sure he can answer.

Everyone knows, and certainly government officials know, that all the provinces have more or less abolished the bursary programs. From now on, students will increasingly depend on loans. In Quebec, this is not quite true yet, but all provinces are headed in that direction. Therefore, in the future, if student loans are still available, as they are today whatever the system is, the amounts borrowed will double on the average. That is why students who have examined the bill object to it and not only because of the six-month interest period on, let us say, $12,000 on the average today. More likely it will be on a $24,000 loan. I am using figures—

Senator Simard: Senator Thériault, the average amount of loans students carry at the end of their studies is closer to $6,000 or $7,000; not $24,000.

I imagine some students, in medical schools or what have you will accumulate as much as $24,000 in debt. Indeed, the maximum is much higher than that. However, the national average is around $6,500 or $7,000.

Senator Thériault: Well, this could triple the amount of the loans since many students, thanks to the bursaries they now receive, can go through the first four years of university, up to the bachelor's degree, without borrowing big sums.

Senator Simard: Except in New Brunswick. I cannot speak for the other provinces — if there is the same program in another province someone should tell me — but as far as I know, only New Brunswick has a bursary program which has remained almost unchanged.

Senator Thériault: Quebec has one!

Senator Simard: No. There is no bursary program in Quebec. You say they have one! Maybe we should ask Senator Bolduc to tell us.

Senator Thériault: Some of my children went to university and I have grandchildren attending the Université de Montreal. It seems to me that they have bursary programs.

Whatever, the problem remains; if, as Senator Simard says and as Senator Kinsella also claims, the whole program should be reviewed, what is the sense of having this legislation now? As Senator Simard said, it is to make students realize that governments in Canada are experiencing fiscal problems but it seems to me that students know that and that their parents know it too.

Something is wrong here! Either the rationale is wrong or the government is not sincere when it says that the whole system needs to be reviewed. If the government has nothing to gain from this bill during fiscal year 1993-1994 and if we have to review the program anyway, then it seems to me that once again we are passing legislation just for the sake of it. And one of the problems we have right now is that we have too many laws! You said it yourself, we have too many regulations!

And so, we are asked to pass an amendment to the legislation governing student loans that will do nothing! It does not make any sense! I hope that Senators Simard and Kinsella are going to get their act together and give us the facts as they see them.

In concluding, honourable senators, I repeat that I know how very disappointed New Brunswick students will be with the speech Senator Simard gave today because it is not at all what they were expecting.

[*English*]

Hon. Philippe Deane Gigantès: Honourable senators, the Leader of the Government spoke of cowardice on my part.

It is very brave to cut money for the students. It was very brave to deindex the pensions of the old who are poor. It was very brave, when selling us the free trade agreement, to say that they were going to look after those who might lose jobs. It was very brave to bring in Bill C-22 and Bill C-91 to increase the costs of medicine for the poor and to weaken the health service, which is needed more by the poor than by the rich. It was very brave to decrease payments to the unemployed during a recession.

Senator Simard insists that we do not vote for any of their legislation. We are not the government; they are the government.

Michael Wilson, when he was running for leader ten years ago, said that, if the Conservatives, and especially he himself, were not in charge of finances after the election that was to follow, the debt in ten years would reach $450 billion. Well, that is where it is now.

If the debt continues to rise at the rate at which it has been rising during the last nine years under the Tories, in six years from now it will be $800 billion, and in eight years it will be $900 billion.

The Tories have made the rich richer, reduced the taxes of the rich, increased the taxes of the poor, and generally put the country in a mess. Mr. Wilson caused the recession deliberately, he said. Remember the soft landing?

When you ask them why all this is happening, they say, "The devil made me do it," like Flip Wilson, the comedian. Or they say, "It is all the fault of the Liberals."

For nine years they have been in power. They were the people who promised that, if elected, they would do away with the deficit and the debt would not rise to $450 billion. They have been in power for nine years. The debt is at $450 billion.

The only thing they have done is to make the rich richer and to take hits at the poor, the old, the unemployed, and the poorest provinces, from whom they are clawing things back. Now they are going after the students, and doing so at the same time as they tell us that education is all important.

We cannot compete in this world if we are not as well educated as, or even better educated than, our competition; but this bill will make it harder for students, especially those from poor families, to become sufficiently well-educated to compete in the world of tomorrow.

Do the Tories care for the poor? No. But they are nice, brave people. Let me tell you that hitting the poor, the weak and the old is not nice and brave; it is cowardly.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, there are a few comments I would like to make. We were told in committee that this decision was based on the law of averages. I suppose the law of averages helps the average person, but everybody knows that the law of averages hurts people on low incomes, the weak, the poor, the needy and, in this case, people who live in rural areas.

Take, for instance, the province of New Brunswick. Obviously, a student who lives with his parents in Fredericton, which has two universities, the University of New Brunswick and the St. Thomas University, will pay less for his university education than someone who lives in Campbellton and has to rent a room in Fredericton, pay for his own food, transportation, and so forth.

So the law of averages doesn't help the person who lives in a rural area, in the case of Bill C-76. I don't deny for one minute there are poor people and young people in need in our larger urban centres. However, I have always defended the interests of people who live in rural areas. I see myself as someone with a rural background, although Grand-Sault has a population of 7,000 or 8,000, 15,000 with the outlying areas. But we don't have a university. This means young people who want to go to university have to pack their bags and go to Edmunston. You can't commute to Edmunston every day to go to university. Or else to Fredericton, 135 miles further south, or to the University of Moncton, which is even further away, or to Dalhousie University in Halifax. If they go to Quebec City to take courses that are not available in New Brunswick, it costs even more.

In addition to all the other extra expenses people from rural areas have, we have to put up with this kind of nuisance. We were told in committee that it was not that much of a burden, but for someone who has to go to a university or college outside his place of residence, this represents a substantial extra expense. That is why I will vote against this proposal.

[*English*]

• (1500)

Hon. Raymond J. Perrault: Honourable senators, I should like to make some closing remarks, if no other honourable senator wishes to speak.

The Hon. the Speaker *pro tempore:* Honourable senators —

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, even if there are no other speakers save for Senator Perrault, I should like to adjourn the debate.

As honourable senators know, on Wednesdays the Senate meets at 1:30 p.m. in order to try to adjourn as close to 3 p.m. as possible. That allows committees that are already scheduled to commence meeting at 3 p.m. Today, there are three committees scheduled for 3 p.m. and one for 5 p.m..

Therefore, I would move the adjournment of the debate. We can take a decision tomorrow on this matter without spending too much time today on a vote, if one is called for.

On motion of Senator Lynch-Staunton, debate adjourned.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I ask that all remaining Orders, Inquiries and Motions stand, except for the motion of Senator Carney. She would like to make a short statement on a motion that she placed on the Order Paper yesterday.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): We have no objection, honourable senators. As we indicated to Senator Carney yesterday, we will give leave to have the matter proceed today, and we are willing to do so.

QUESTION OF PRIVILEGE

Hon. Pat Carney: Honourable senators, yesterday I gave notice of my intention to raise in this chamber a question of privilege, and to seek leave to have the issue referred to the Standing Committee on Privileges, Standing Rules and Orders if the Speaker finds that a *prima facie* case has been made.

The breach of privilege arises from an article filed by Gordon MacIntosh of Canadian Press which ran in several Canadian newspapers, including the *Vancouver Sun* and *Province* in my home city of Vancouver on or about March 27.

The nature of the question of privilege is the allegation in the article that I received payment of $20,000 from the Government of Canada for "lost" ministerial papers which are described in the article as "largely safe and sound."

As I outlined yesterday, the ministerial papers in question covered the period when I served as Minister for International Trade, including the negotiations establishing the Canada-U.S. Free Trade Agreement. The article infers that I manufactured the missing file incident for personal gain, and that has been the inference advanced by several opposition members of the other place in public statements.

As I mentioned yesterday, the article is false and malicious but has not been rebutted by Canadian Press, even though I have given the news agency material from the Department of External Affairs, including an acknowledgement that the files in question were "inadvertently destroyed". This is extremely damaging to my reputation, and I am seeking the assistance of my colleagues in the Senate to take action to establish the facts surrounding the missing files, not only for my personal benefit but in the public interest, since the material destroyed relates to one of the crucial issues of our time, the free trade agreement. No other parliamentary process has dealt with this issue or is reasonably available to me, honourable senators.

In terms of proceeding in the courts, I should like to refer honourable senators to *Debates of the House of Commons* of March 22, 1983, on a similar issue involving a question of privilege wherein Madam Speaker pointed out:

> Given the precedents I have studied, it is clear to me that while the Hon. Member could seek a remedy in the courts, he cannot function as a Member while this slur upon his reputation remains. The process of litigation would probably be very lengthy and there is no knowing how long it would take before the issue was finally resolved.

I believe, honourable senators, that my request meets the criteria for raising a question of privilege under the terms of rule 44(1) of the *Rules of the Senate of Canada*, and I am seeking your support in that regard.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I do not believe that I, or anyone on this side, can add anything to the debate to help His Honour decide whether a *prima facie* case of privilege has been made.

Senator Carney knows all the facts. I do not know anything she does not know. I think we should leave it to His Honour to decide whether a *prima facie* case has been made.

I will say that if the Speaker so decides, we would prefer — and I believe Senator Carney feels the same way — that the matter be referred to a committee for consideration, rather than the other option, which is to have the Senate deal with it here. It seems to me that there are a number of quite important and interesting issues arising out of this question of privilege that transcend the particular issue and personal concern of Senator Carney. I do not say that in any way to belittle her concerns. However, in fact, there are a number of issues that do transcend this question of ministerial documents. Our committee might wish to examine that issue in its broader context, as well as to look into the issue referred by the Senate to that committee on the motion of Senator Carney.

The Hon. the Speaker *pro tempore:* If no other honourable senator wishes to make a submission on this matter, then I would say to honourable senators that I will take the matter under advisement and give my decision as soon as possible.

The Senate adjourned until tomorrow at 2 p.m.